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99TH CONGRESS } SENATE { REPORT
2d Session } { 99–446

DEPARTMENT OF DEFENSE APPROPRIATION BILL, 1987

SEPTEMBER 17 (legislative day, SEPTEMBER 15), 1986.—Ordered to be printed

Mr. STEVENS, from the Committee on Appropriations, submitted the following

REPORT

[To accompany S. 2827]

The Committee on Appropriations reports the bill (S. 2827) making appropriations for the Department of Defense for the fiscal year ending September 30, 1987, and for other purposes, and submits the following explanation of its recommendations. Information is herewith presented relative to changes made:

NEW OBLIGATIONAL AUTHORITY

Total of bill as reported to Senate	$277,071,397,000
Amount of 1987 budget estimate	302,282,138,000
Amount of House allowance	265,104,816,000
Amount of 1986 adjusted appropriations	270,484,499,000
The bill as reported to the Senate:	
Below the fiscal year 1987 budget estimate	25,210,741,000
Above the House allowance	11,966,581,000
Over adjusted appropriations for fiscal year 1986	6,586,898,000

S183-13

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BACKGROUND

PURPOSE OF THE BILL

The purpose of this bill is to make appropriations for the military functions of the Department of Defense for the period October 1, 1986 through September 30, 1987. Functional areas include the pay, allowances and support of military personnel, operation and maintenance of the forces, procurement of equipment and systems, and research, development, test and evaluation. Appropriations for military assistance, military construction, family housing, certain nuclear weapons, and civil defense are provided in other bills.

HEARINGS

The Subcommittee on Department of Defense Appropriations began hearings on the fiscal year 1987 budget request on February 20, 1986, and concluded them on August 7, 1986, after 25 separate sessions. The subcommittee heard testimony from representatives of the Department of Defense, other Federal agencies, and from the general public. Approximately 7,300 pages of transcript were taken, the unclassified portions of which constitute the six-volume public record of testimony on this budget request.

SUMMARY OF BILL

The Committee considered a total fiscal year 1987 budget request of $302,282,138,000 for the military functions of the Department of Defense, excluding military assistance, military construction, family housing and civil defense. The following table displays the major recommendations:

[In thousands of dollars]

	Fiscal year 1986 adjusted	Fiscal year 1987 request	House allowance	Committee recommendation
Title I—Military personnel	67,671,936	74,202,900	72,404,112	72,678,798
Title II—Operation and maintenance	74,818,297	85,773,000	78,109,862	77,923,000
Title III—Procurement	92,607,981	95,656,700	79,455,530	84,897,136
(Transfer from other accounts)	(345,400)		(2,520,027)	(584,500)
Title IV—Research, development, test, and evaluation	33,607,192	41,929,900	33,956,074	36,391,125
(Transfer from other accounts)	(316,886)		(144,573)	
Title V—Special foreign currency program	1,997	3,500	3,500	3,500
Title VI—Space transportation system/Revolving funds	1,654,695	1,197,300	908,300	2,960,000
Title VII—Chemical agents and munitions destruction, Defense		120,100	120,100	118,700
Title VIII—Related agencies	122,401	148,738	147,338	188,138
Title IX—General provisions		3,250,000		1,911,000
(Additional transfer authority, sec. 9015)	(950,000)	(1,200,000)	(1,200,000)	(950,000)
Total, Department of Defense (NOA)	270,484,499	302,282,138	265,104,816	277,071,397
(Transfer from other accounts)	(662,286)		(2,664,600)	(584,500)
Total funding available	271,146,785	302,282,138	267,769,416	277,655,897
(Transfer authority)	(950,000)	(1,200,000)	(1,200,000)	(950,000)
Distribution by organizational component:				
Army	69,432,015	76,920,500	70,184,418	71,726,280
(Transfer from other accounts)			(399,185)	
Navy	91,990,527	100,890,000	89,046,533	92,098,271
(Transfer from other accounts)			(1,369,804)	(584,500)
Air Force	91,937,182	101,643,100	88,040,975	90,629,822
(Transfer from other accounts)	(662,286)		(869,111)	
Defense agencies/OSD	15,537,836	19,309,700	16,813,384	16,985,936
(Transfer from other accounts)			(26,500)	
Reserve and National Guard procurement	1,469,538		752,068	453,250
Chemical agents and munitions destruction, Defense		120,100	120,100	118,700
Related agencies	122,401	148,738	147,338	148,138
Total, Department of Defense (NOA)	270,484,499	302,282,138	265,104,816	277,071,397
(Transfer from other accounts)	(662,286)		(2,664,600)	(584,500)
Total funding available	271,146,785	302,282,138	267,769,416	277,655,897
(Transfer authority)	(950,000)	(1,200,000)	(1,200,000)	(950,000)

Bill Highlights

The Committee has recommended several initiatives in the accompanying bill to include $2,960,000,000 for the shuttle orbiter *Challenger* replacement, substantive policy changes to Defense Department profit criteria, and $4,615,874,000 in rescission of prior-year appropriated funds to reflect lower inflation and contract savings. Primary to all the recommendations, the recommended bill totals comply with the targets contained in the section 302(b) allocations from the fiscal year 1987 congressional budget resolution.

Shuttle replacement.—In the wake of the shuttle orbiter *Challenger* disaster and numerous rocket launch failures, the United States' access to space has been severely curtailed. The problem is particularly acute in light of our previously extensive capability and historically successful performance. To regain our national advantage, the Committee recommends new appropriations to begin the expeditious replacement of the *Challenger* orbiter. This is consistent with the Committee's initiatives in the fiscal year 1987 Supplemental Appropriations Act which financed an accelerated medium and heavy launcher production program. In addition, the recommendation is consistent with the President's decision last month to proceed with the replacement orbiter and to dedicate most of the future shuttle flights to military satellites and mission payloads.

Rescissions.—The recommendations also include a substantial rescission package in section 9045 to recoup savings from previously appropriated levels. This initiative is designed to contribute to the fiscal year 1987 deficit reduction efforts contained in the congressional budget resolution. But, more importantly, outlay savings of over $3,000,000,000 will be realized in the future by this action. Over $1,300,000,000 is saved in fiscal year 1987 alone. In large measure, the savings result from lower inflation and known decreases in defense contract costs.

Profit policy.—Section 9101 includes recommended language which affects the Defense Department's profit policy and procedures. There are principally three aspects to the provision: first, to reduce the percentage of progress payment from the current level of 80 percent to 70 percent to yield an outlay savings of $1,150,000,000 in the coming fiscal year; second, the requirement that defense contractors must cover the facility and capital investments for initial production which yields a savings of $560,000,000, and; third, that profits on defense contracts should be determined on the basis of contractor investment and capital risk. This saves $520,000,000 from the requested levels. The intent is to encourage and reward productivity and efficiencies as a means to reduce unit cost.

Each of these initiatives is detailed further in the appropriate sections of this report. Appropriation title summaries follow.

Personnel.—The Committee recommends a 2-percent reduction in civilian work-years from the Department's 1987 request of 1,123,466 work-years, and that end strength and work-year ceilings be reinstated. The Department of Defense has not demonstrated an ability to contain civilian employment commensurate with the workload justified. Over the past 4 years the Department has added over 100,000 civilian personnel to its payroll and also has increased employment of foreign national employees. The Department has taken advantage of flexibility granted by Congress by increasing civilian personnel in Europe/NATO by over 50 percent while employment in the United States increased by only 8 percent. This increase in civilians in NATO occurred while military end strengths have been controlled by congressionally mandated ceilings. The Committee believes that personnel ceilings and a recommended reduction of $316,000,000 for pay and related costs should help ensure the Department manages personnel resources more responsibly in the future.

The Committee recommends an increase of 6,880 active duty military personnel, funding a total active duty force of 2,174,250. The Committee recommendation limits military work-year growth to that required to accommodate this end strength increase, and reduces funding by $309,000,000 for costs associated with the excess work-years requested.

With regard to Guard and Reserve Forces, the Committee recommends approval of one-third of the requested increases for each of the components, funding a total Reserve Force average strength floor of 1,120,077. This recommendation allows critically needed flexibility to man new ships and equipment, equipment conversions, and scheduled unit activations.

The Committee recommendation includes funding for military and civilian pay raises, effective January 1, 1987 consistent with congressional budget assumptions. Further, the Committee requires that the Department of Defense must absorb any pay raise requirements which exceed the amounts provided for this purpose in section 9094.

Readiness.—Recommended funding levels in operation and maintenance and the procurement of spares and ammunition will, in the Committee's judgment, continue to enhance readiness for all services. Operation and maintenance appropriations have been increased 4.2 percent above the 1986 level. While the Committee's recommendation is below the budget request, over one-half of the reduction represents repricing for lower inflation, increased industrial fund profits and significantly lower fuel costs than when the budget was submitted.

While procurement funding overall has decreased, the Committee emphasis on readiness-related procurement remains high. Spares, ammunition, and missiles have increased as a percentage of total procurement. For example, the Committee recommendation includes approximately $5,000,000,000 for ammunition—6 percent of the procurement funds, up from 5.5 percent in 1986. Similarly, missiles increased from 16.9 percent of the 1986 procurement to 18.2 percent in 1987.

The Committee recommendation provides for significant increases in flying hours over 1986 levels—the Navy increases by 102,000 hours, the Air Force increases over 29,000 hours, and the Army 69,000 hours. Almost every O&M readiness measure increases under the recommended funding level and several important programs have been continued such as $17,000,000 in humanitarian assistance for the Afghan people and $15,000,000 to support training and stationing of Coast Guard law enforcement personnel aboard Navy vessels to enhance U.S. drug interdiction operations.

Finally, the Committee has proposed funding the overhead associated with centralized defense supply systems through the Defense Stock Fund so the true cost of managing the supply system will be reflected in the price of inventory items. This innovative procurement reform should lead to efficiencies, reduced costs, increased competition, and should encourage purchases from the lowest cost alternative.

Modernization.—The Committee recommendations sustain the current production level for the top priority programs in the President's defense budget request. The Committee endeavored to maintain the delivery of advanced, more capable weapons to the services against the force of severe budgetary restrictions, which for the first time in many years will provide significantly fewer dollars for weapons acquisition than in the preceding year.

The Committee has been forced to defer introduction of some new systems until subsequent fiscal years, but has maintained the development and testing programs critical to ready these new generation systems for full production by the end of the decade.

Major acquisitions supported by the Committee include:

—Final year of production for the C–5B transport.

—Initial production of the advanced medium range air-to-air missile [AMRAAM] and the Trident II missile.

—Acceleration of the Navy's advanced Aegis guided missile cruiser and destroyer programs and the Air Force Peacekeeper strategic missile modernization program.

—Sustained procurement at the fiscal year 1986 level for the Army's UH–60 helicopter, Patriot missile system, Stinger missile and Bradley fighting vehicle; the Air Force's F–15 and F–16 fighter aircraft; the Navy's F–18 fighter/attack jet, and the HARM and Maverick missiles.

—Long lead nuclear propulsion funding for the new SSN–21 Sea Wolf attack submarine.

Research and development.—The Committee recommendation continues support for defense research and development. Carefully developed reductions, designed to restrain but not halt program growth, have been recommended for research and development. This is an activity the Committee regards as an investment in future national security, and spending reductions have been allocated to minimize program impact. A total of $5,538,775,000 in budget authority reductions will produce $2,800,000,000 in outlay savings while preserving nearly 6 percent real growth in the RDT&E program over post-Gramm-Rudman-Hollings sequestration levels for fiscal year 1986. The President's Strategic Defense Initiative is funded at $3,414,411,000.

Continued development and initial flight testing of the Trident II ballistic missile is approved, together with funding for other key strategic programs such as the MX Peacekeeper missile, SRAM II, MILSTAR satellite, and the space defense system (antisatellite weapon). The Committee strongly recommends against the House provision to continue the moratorium on flight testing the U.S. antisatellite weapons system against targets in space, and has not included any limitation on ASAT flight testing in this bill. The Committee concurs in the Senate authorization reduction to the Small ICBM Program, which defers the start of full-scale engineering development on the missile. An extended explanation of the Committee position is included in the RDT&E, Air Force section of the Committee report.

The Committee has fully funded the vast majority of military service conventional programs, such as the LHX helicopter, SSN-21 submarine, and advanced tactical fighter [ATF]. In addition, the Committee recommends $400,000,000 in conventional defense initiatives, for the purpose of exploiting technology at the conventional level and facilitating conventional spinoff applications of the technologies being pursued within the Strategic Defense Initiative.

Funding is also provided for the DOD/NASA national aerospace plane. Full funding has been provided for all Navy aircraft R&D programs on fixed price contracts. Within Army programs, the Committee is continuing a medical research fund started in fiscal year 1986 to help combat acquired immune deficiency syndrome [AIDS].

Congressional Budget Targets

The Committee has honored the specific spending targets established through the congressional budget process and allocated to the Defense Subcommittee through section 302(b) procedures. These allocations by the Committee are detailed in Senate Report 99-346, July 29, 1986.

BUDGET COMPLIANCE

Total budget authority recommended in the bill of $277,071,397,000 is within the allocated ceiling and accommodates estimated requirements for military and civilian pay raises in the event authorization is enacted. Total outlays of $264,481,000,000 are estimated to be within the allocation targets, however outlay estimating should not be considered an exact science. Congressional Budget Office and Department of Defense witnesses testified before the Committee on August 7, 1986, regarding "Department of Defense Expenditure Rate and Outlay Management Control," published in Senate hearings volume 99-758. The CBO Director testified to an estimating error range of approximately 1 to 2 percent which equates to $3,000,000,000 to $5,000,000,000 in this bill.

Despite the acknowledged limitations inherent in estimating expenditures for a given fiscal year, the budget resolution requires strict adherence to the allocated outlay targets as estimated by the Congressional Budget Office and interpreted by the Budget Committee. A concerted effort has been made to comply with the scoring procedures and conventions. While the Congressional Budget Office has been timely and most responsive in support of the Committee's endeavor to reach the allocation objective, the limitations on estimating techniques call into question the prudence of requiring precision in an otherwise acknowledged procedure which incorporates significant margins for error.

Compliance with the Budget Act is further complicated by recent amendments which mandate Senate adherence to allocations in reported appropriations bills, yet no similar requirement exists for House compliance or counterpart authorizing bills in either the House or the Senate. The inevitable result is the joint conference consideration on appropriation bills will more likely be consumed with funding decisions made on the basis of estimated outlay rates rather than on the basis of prudent public policy. Clearly, this was not Congress intent. The Committee finds this to be sufficient grounds for consideration of alternatives which recognize the deficiencies of estimating techniques, but retain Congress' emphasis on deficit reduction.

BUDGET AUTHORITY TO OUTLAY MISMATCH

The most difficult impediment to compliance with the allocation targets has been the inherent mismatch between budget authority and outlays contained in the budget resolution for defense spending in fiscal year 1987.

The section 302(b) targets represent the Defense Subcommittee's allocation of the larger national defense function [050] targets of $292,150,000,000 in budget authority and $279,150,000,000 for budget outlays contained in Senate Concurrent Resolution 120—the congressional budget resolution. The balance of function [050] spending is reflected, primarily, in the Military Construction and the Energy and Water Development appropriations bills.

Relative to the President's budget request, the budget resolution dictates a reduction of $28,100,000,000 in budget authority and $17,500,000,000 in budget outlays. If the Committee were to comply with the targets strictly by reducing budget authority, or new appropriations, to yield the required outlay reductions, proposed spending cuts would have to concentrate on the very high spending appropriation accounts which produce outlays savings averaging at least 63 percent in the first year. Targeting reductions in this manner would have forced enormous cuts to personnel and so-called readiness accounts, while leaving the slow spending procurement, or investment, accounts relatively consistent with the President's request.

The ostensible objective of the budget resolution was to reduce the deficit in the near term and curb out-year spending. But, strict adherence to the targets would produce 1 year savings through readiness cuts and exacerbate out-year costs by approving higher production rates than are fiscally affordable. Each year, prior appropriations account for a growing percentage of projected outlays. In fiscal year 1987, more than $103,300,000,000, or 40 percent of the estimated outlays will be inherited from prior commitments.

By conservative estimates, the budget resolution outlay target is understated by at least $5,000,000,000 relative to the budget authority approved. Program decreases alone cannot achieve a defense appropriations bill which applies a balanced reduction to all requested spending levels.

The Committee recommended bill attempts to achieve a balance through program reductions and proposals to control outlays. In large measure, the recommended rescissions, procurement policy adjustments, pay assumptions, and restrictions on obligations were driven by the Committee's desire to comply with the outlay targets, but support budget authority, or new appropriations, agreed to by Congress in the budget resolution.

While the Committee has been successful in attaining the mismatched budget resolution targets this fiscal year, it is important to note that many of the outlay management adjustments recommended cannot be duplicated year after year. In particular, progress payment percentage adjustments are of a one-time nature, and it is doubtful that a rescission package of the magnitude recommended will be repeated since these savings result largely from a fortuitous inflation decline.

The Committee predicted the ramifications which would stem from the contrived mismatch in the budget resolution. This has only been averted by one-time changes in financing policy. Repetition in the future will only lead to dramatic reductions in defense spending, regardless of the budget authority objectives agreed to by Congress. Furthermore, future incorporation of a mismatch can only be construed as a conscious attempt to force such a distorted outcome. As long as Congress continues subscription to outlay limitations, the relationship between budget authority and outlays will form a prominent part of the fiscal fabric.

FISCAL YEAR 1987 INFLATION SAVINGS

Economic forecasts provided to the Committee by the Department of Defense, the Office of Management and Budget, the General Accounting Office and the Congressional Budget Office all indicate lower inflation in fiscal year 1987 than anticipated in the current defense budget request. These estimates project an annual inflation rate of approximately 3 percent for the defense sector of the economy in fiscal year 1987, significantly less than the 4.1-percent rate factored into the budget request.

The Committee recognizes the difficulty in forecasting inflation rates for future years, and commends all of the listed sources for their assistance to the Committee in evaluating this element of the budget. The savings estimated by these forecasts vary from $900,000,000 by the Congressional Budget Office to $3,400,000,000 by the General Accounting Office.

Across all Department of Defense activities funded by this act, the Committee recommends undistributed inflation reductions of $2,392,364,000 and specific nonprogram pricing adjustments in excess of

$3,000,000,000 against individual programs and projects. The total of these pricing adjustments far exceeds the total estimated inflation savings projected by any responsible organization.

The specific undistributed inflation adjustment to each account is noted at the conclusion of each section of the report where applicable and the nonprogram pricing adjustments are included with individual program and project recommendations. The Committee has based these pricing reductions on a thorough review of all general inflationary trends and predictions and the latest available information on the prices of individual programs and projects. The impact of inflation decreases on prior-year appropriations is discussed in the rescissions section of the report.

It has become increasingly clear in the past few years that inflation dividends have accrued in the Defense Department. Estimates vary among CBO, GAO, and the Defense Department, but all agree that lower inflation than projected by OMB and CBO, as well as many private forecasters has resulted in excess funding for the Department of Defense.

Proposals have been made which suggest it may be advantageous to budget separately for inflation to better account how inflation funds are used, and to determine how much funding is required for inflation. Some defense officials argue that budgeting separately for inflation is impractical or unnecessary.

The Committee is requesting the Comptroller General to study the feasibility of budgeting separately for inflation. The study should include the following:

One, whether it is feasible for the Defense Department to budget separately, to set out separate inflation estimates in each account, to provide inflation estimates for individual systems in the selected acquisition reports, to track inflation spending and to identify advantages this might offer in monitoring budgetary execution.

Two, whether it is feasible to restrict the use of inflation funds to inflation and the possible benefits and hazards of such an action.

Three, whether it is feasible to require that funds appropriated for inflation lapse at the end of the fiscal year if not spent for inflation, and how this would affect the full-funding principle for defense procurement.

Four, what overall savings might accrue from adopting such changes.

The Secretary of Defense should cooperate fully with the Comptroller General in the study, and in the periodic efforts to examine inflation funds. The Comptroller General and the Director of CBO should attempt to reconcile the differences in their estimates in inflation funds.

INFLATION REDUCTION—FISCAL YEAR 1987

[In thousands of dollars]

	House allowance	Committee recommendation
Military personnel	-32,998	-25,414
Operation and maintenance	-1,113,000	-623,150
Procurement	-942,200	-1,063,800
Research and development		-700,000
Total	-2,088,198	-2,412,364

RESCISSIONS

The Committee recommends rescissions totaling $4,615,874,000, from funds previously appropriated for procurement and reseach and development programs. The Committee is making these recommendations to reduce outlays to meet the deficit reduction targets established in the budget resolution. The recommended adjustments are based on actual or anticipated contract savings, unobligated balances for which no other use has been approved by the Congress, and savings from lower inflation. The Committee has worked closely with the General Accounting Office, Congressional Budget Office, and the military departments to attempt to identify those areas in which funds are no longer required for the purposes originally appropriated.

The Committee recognizes nearly all of these funds could be redirected for other purposes, many to meet unforeseen requirements. Nonetheless, the severe restrictions on defense expenditures required by the budget resolution necessitate action to reduce either prior-year outlays or make additional reductions in outlays associated with funds appropriated in fiscal year 1987. The Committee believes reducing prior-year funds is a more prudent course than to make wholesale reductions in the fiscal year 1987 budget request.

The House recommends a transfer of $2,664,600,000 from prior-year funds to offset new budget authority in fiscal year 1987. The Committee has recommended many of the same savings for rescission. The attached chart details the recommended rescissions by account and fiscal year and a comparison to the House recommended transfers. The legislative language to rescind the funds is included as one general provision in section 9045 of the bill.

Appropriation and line item	House transfers	Recommended rescissions
Aircraft procurement, Army 1985/1987:		
UH-60 helicopter		$3,100,000
Program adjustments	$3,600,000	
Prior-year inflation		12,000,000
Total	3,600,000	15,100,000
W&TCV procurement, Army 1985/1987:		
Program adjustments		
Prior-year inflation		25,100,000
Total		25,100,000
Other procurement, Army 1985/1987:		
5-ton truck		72,700,000
Program adjustments	91,000,000	
Prior-year inflation		8,900,000
Total	91,000,000	81,600,000
Missile procurement, Army 1985/1987:		
TOW-2 missile		2,000,000
Stinger missile		5,900,000
Patriot missile		12,700,000
Program adjustments	16,900,000	
Prior-year inflation		12,200,000
Total	16,900,000	32,800,000
Aircraft procurement, Army 1986/1988:		
EH-60	3,900,000	3,900,000
AHIP	10,600,000	
CH-47	1,000,000	
CH-58		10,600,000
Prior-year inflation		63,300,000
Total	15,500,000	77,800,000
W&TCV procurement, Army 1986/1988:		
M-2/3 Bradley		38,800,000
M-1 tank		9,900,000
Program adjustments	8,500,000	
Prior-year inflation		131,000,000
Total	8,500,000	179,700,000
Other procurement, Army 1986/1988:		
Program adjustments	160,000,000	
Prior-year inflation		70,600,000
Total	160,000,000	70,600,000
Missile procurement, Army 1986/1988:		
Patriot missile		1,800,000
Program adjustments	41,300,000	
Prior-year inflation		52,500,000
Total	41,300,000	54,300,000
Aircraft procurement, Navy 1985/1987:		
SH-60B		6,400,000
AV-8B		10,900,000
EA-6B		2,600,000
F-14		2,400,000
AH-1T		7,800,000
SH-2F		300,000

Appropriation and line item	House transfers	Recommended rescissions
Aircraft procurement, Navy 1985/1987—Continued		
UC–12B		$2,600,000
TH–57		4,100,000
P–3 advance procurement		300,000
Spares and repair parts		32,800,000
Aircraft support equipment		4,000,000
Modifications		6,600,000
Undistributed	$21,274,000	40,600,000
Prior-year inflation		49,300,000
Total	21,274,000	170,700,000
Aircraft procurement, Navy 1986/1988:		
CH–53B		2,100,000
AV–8B		1,200,000
F–14		6,400,000
F/A–18	27,000,000	2,500,000
AH–1T		500,000
SH–60B		2,100,000
SH–2F		100,000
E–2C		1,100,000
UC–12B		1,300,000
Modifications		16,000,000
Spares and repair parts		2,800,000
Support equipment and facilities		67,300,000
Undistributed	107,300,000	
Prior-year inflation		254,900,000
Total	134,400,000	358,300,000
Weapons procurement, Navy 1985/1987:		
Mk 46 torpedo		16,400,000
Phoenix missile		15,000,000
Standard missile		16,600,000
Program adjustments	42,900,000	
Prior-year inflation		27,900,000
Total	42,900,000	75,900,000
Weapons procurement, Navy 1986/1988:		
Tomahawk missile		30,800,000
Program adjustments	117,767,000	
Prior-year inflation		123,200,000
Total	117,767,000	154,000,000
Shipbuilding and conversion, Navy 1983/1987:		
Trident		35,900,000
SSN–688 advance procurement	9,000,000	9,000,000
CVN aircraft carrier	158,600,000	158,600,000
Battleship	6,800,000	9,800,000
CG–47	76,800,000	76,800,000
LSD–41	16,400,000	18,300,000
TAH	9,000,000	
TACS	6,400,000	
TAO	2,800,000	2,600,000
ARS	3,000,000	2,100,000
TAKR advance procurement	9,000,000	500,000
Service craft		1,500,000
Landing craft		300,000
Outfitting		1,000,000
Cost growth	8,000,000	2,400,000
Escalation	18,800,000	18,800,000

Appropriation and line item	House transfers	Recommended rescissions
Shipbuilding and conversion, Navy 1983/1987—Continued		
Post delivery	$4,000,000	$3,900,000
Prior-year inflation		22,000,000
Total	328,600,000	363,500,000
Shipbuilding and conversion, Navy 1984/1988:		
Trident		19,400,000
SSN-688	5,900,000	5,900,000
LSD-41	9,100,000	9,100,000
TAO	7,100,000	5,900,000
TAFS		400,000
TAKR		8,800,000
Outfitting	8,900,000	
Cost growth	23,000,000	12,300,000
TAH	4,900,000	
TACS	9,000,000	
Prior-year inflation		20,000,000
Total	67,900,000	81,800,000
Shipbuilding and conversion, Navy 1985/1989:		
SSN-688		3,900,000
LSD-41	8,000,000	8,200,000
TAO	11,000,000	19,200,000
Outfitting		400,000
TAGS		5,000,000
TAGOS		8,000,000
Prior-year inflation		96,400,000
Total	19,000,000	141,100,000
Shipbuilding and conversion, Navy 1986/1990:		
SSN-688	181,600,000	12,900,000
TAO	25,700,000	6,500,000
TACS	7,500,000	7,500,000
LCAC advance procurement	29,300,000	29,300,000
YTT service craft	3,000,000	1,200,000
Outfitting	8,000,000	8,200,000
Post delivery		5,500,000
MSH	152,200,000	
TAGOS		68,000,000
LSD-41	13,000,000	
CG-47	20,000,000	
Prior-year inflation		210,000,000
Total	440,300,000	349,100,000
Other procurement, Navy 1985/1987:		
AN/SLQ-25	224,000	224,000
AN/SQR-19		1,974,000
Mk. 116 fire control system		1,942,000
Program changes	4,870,000	954,000
Prior-year inflation		9,200,000
Total	5,094,000	14,294,000
Other procurement, Navy 1986/1987:		
LM-2500 gas turbine		3,079,000
501-K gas turbine		11,805,000
Other generators		4,469,000
Other pumps		1,604,000
Strategic platform support		1,756,000
Sealift support		1,663,000
Diving and salvage equipment		680,000

Appropriation and line item	House transfers	Recommended rescissions
Other procurement, Navy 1986/1987—Continued		
Production support facilities		$2,100,000
Sonar switches and transducers		9,453,000
AN/SLQ-25		1,250,000
AN/SQR-17		6,800,000
AN/SQR-18		1,100,000
An/SQR-19		17,200,000
SURTASS		6,703,000
Carrier ASW module		310,000
OUTBOARD		1,260,000
AN/BRD 7/8/9		12,148,000
NTDS		6,380,000
Shipboard ATC		1,234,000
FACSFAC		1,012,000
Shipboard communications automation		1,900,000
Shore LF/VLF communications		2,452,000
Shore HF communications		5,216,000
Ashore mobile communications		1,679,000
PLRS KG-58/KGV-6		592,000
AN/SSQ-77		4,902,000
Weapons range support		11,200,000
Aircraft rearming equipment		3,059,000
LAMPS Mk. III equipment		1,500,000
AEGIS support equipment		9,729,000
Surface Tomahawk support		4,784,000
Mk. 116 fire control system		1,955,000
Submarine silencing equipment		9,004,000
TRI-TAC crypto		6,202,000
Program adjustments	$90,319,000	
Prior-year inflation		66,900,000
Total	90,319,000	223,080,000
Aircraft procurement, Air Force 1985/1987:		
F-15 engine	3,700,000	
F-16 fighter		23,900,000
F-16 advance procurement		43,100,000
C-5 airlift aircraft	181,800,000	181,800,000
C-130H		14,000,000
KC-10	10,000,000	29,700,000
Modifications	5,100,000	61,200,000
PLSS	55,200,000	35,300,000
Countermeasure test sets	93,500,000	
Prior-year inflation		121,400,000
Total	349,300,000	510,400,000
Aircraft procurement, Air Force 1986/1988:		
F-15 aircraft	11,600,000	16,700,000
F-16 aircraft	71,400,000	71,400,000
C-5B airlift aircraft	4,100,000	6,300,000
PLSS	41,000,000	56,400,000
KC-10	3,000,000	
C-131 modifications	12,000,000	
F-15 modifications	73,600,000	
Other production changes	40,300,000	
Prior-year inflation		408,300,000
Total	257,000,000	559,100,000

Appropriation and line item	House transfers	Recommended rescissions
Missile procurement, Air Force 1985/1987:		
Program adjustments	$81,400,000	
Prior-year inflation		$30,400,000
Total	81,400,000	30,400,000
Missile procurement, Air Force 1986/1988:		
Peacekeeper ICBM		443,200,000
Program adjustments	36,500,000	
Prior-year inflation		186,500,000
Total	36,500,000	629,700,000
Other procurement, Air Force 1985/1987:		
PLSS	51,500,000	52,900,000
Prior-year inflation		10,900,000
Total	51,500,000	63,800,000
Other procurement, Air Force 1986/1988:		
PLSS	22,400,000	19,000,000
Prior-year inflation		103,500,000
Total	22,400,000	122,500,000
Research, development, test and evaluation 1986/1987:		
Army		40,700,000
Navy		41,100,000
Air Force		100,800,000
Defense Agencies		48,400,000
Test and evaluation		200,000
Total		231,200,000

TIMING OF THE BILL

As has been the case in the last 5 years, the Committee has been compelled to report a Defense appropriations bill in advance of customary lead action by the House of Representatives. A combination of circumstances, not the least of which was protracted congressional action on the fiscal year 1987 budget resolution and defense authorization bill, served to delay the House Appropriations Committee markup schedule. While the House reported a Defense appropriations bill on August 14, 1986, completion of House floor action and referral to the Senate does not appear to be imminent. Therefore, the Committee elected to mark up and report an original Senate bill to speed the appropriations process.

With House action incomplete on a defense appropriations measure, the Committee report lists House allowances based on H.R. 5438 as reported by the House Appropriations Committee on August 14, 1986. These allowances are subject to change if the bill is taken up on the House floor.

The exact sequence of action on the defense appropriations measures remains uncertain at this writing. The Committee would expect that, at some juncture, the provisions of the Senate bill, where they might differ with those of the House bill, would be incorporated as Senate amendments to the House-passed measure. To the extent that the House bill is not passed by the close of this fiscal year, the Senate bill may yet be incorporated in a continuing resolution or omnibus appropriations bill as in the past.

RELATIONSHIP TO AUTHORIZATION

Appropriations for the procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons and equipment, operations and maintenance expenses, and for research, development test and evaluation require annual authorization pursuant to the provisions of section 412(b) of Public Law 86–149, as amended.

As previously noted, the total fiscal year 1987 budget request considered by the Committee was $302,282,138,000. Of this amount, $224,650,500,000, or 74.3 percent, required authorization. The following table depicts these amounts and compares them with levels authorized in S. 2638, the Senate-passed Department of Defense Authorization Act, 1987. All comparisons reflect the Senate bill since joint conference on the bill has not concluded.

[In thousands of dollars]

	Budget estimate	Authorization	Change
Procurement	95,746,800	89,592,569	-6,154,231
RDT&E	41,929,900	36,358,094	-5,571,806
Operations and maintenance	85,773,000	80,707,274	-5,065,726
Working capital funds[1]	1,200,800	1,100,800	-100,000
Total	224,650,500	207,758,737	-16,891,763

[1] Includes foreign currency program.

The Senate-passed authorization bill would exceed 302(b) allocation targets by $3,200,000,000 in budget authority and $8,300,000,000 in outlays. Therefore, it was not possible to fully comply with the assumptions contained in that legislation and still meet the targets mandated in the budget resolution.

COMPLIANCE WITH SECTION 308 OF THE BUDGET CONTROL ACT

Section 308(a) of the Budget Control Act (Public Law 93–344) requires that this Committee include in its report specific budgetary information on the status of recommended appropriations relative to the first concurrent resolution. The following table provides these data:

BUDGETARY IMPACT OF BILL

PREPARED BY THE CONGRESSIONAL BUDGET OFFICE PURSUANT TO SEC. 308(a), PUBLIC LAW 93–344, AS AMENDED

[In millions of dollars]

	Budget authority		Outlays	
	Committee allocation	Amount in bill	Committee allocation	Amount in bill
Comparison of amounts in the bill with the Committee allocation to its subcommittees of amounts in the First Concurrent Resolution for 1987: Subcommittee on Defense	277.1	[1] 277,071	264.5	[2] 264,481
Projections of outlays associated with budget authority recommended in the bill:				
1987				[3] 161,133
1988				59,045
1989				29,346
1990				9,871
1991 and future year				9,203
Financial assistance to State and local governments for 1987 in the bill				

	Direct loans	Loan guarantees
Credit authority estimates, fiscal year 1987		

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[1] Excludes previously enacted items of $85,000,000 and rescissions of selected prior-year balances pursuant to section 9045.

[2] Includes outlays from prior-year budget authority.

[3] Excludes outlays from prior-year budget authority.

REPROGRAMMING OF APPROPRIATED FUNDS

In its report on the fiscal year 1974 Defense appropriations bill (S. Rept. 93–622), the Committee directed the Department of Defense to utilize the available reprogramming flexibility in order to meet unanticipated or higher than programmed funding requirements. For fiscal year 1985, the Committee considered 58 reprogrammings with a total dollar value of $5,999,440,000. Twenty-three of these reprogrammings were approved by the Committee either in whole or in part. The total amount approved was $4,726,667,000. This reflects reprogramming No. 86–41N which transferred $3,994,801,000 in accordance with section 8103 of Public Law 99–190 as amended for pay raise and medical costs. The balance of $731,866,000, was approved in the remaining 22 reprogrammings. A statistical summary of these reprogramming actions during the last decade is shown below:

DEPARTMENT OF DEFENSE REPROGRAMMINGS

[Dollars in millions]

	Number of actions	Value of program increase proposals
Fiscal year:		
1976 (and transition quarter)	43	791
1977	55	1,036
1978	66	1,237
1979	60	1,163
1980	71	1,217
1981	50	937
1982	73	1,648
1983	93	2,528
1984	97	1,625
1985	92	2,532
1986	58	[1] 5,999

[1] Includes $3,994,801,000 required by Public Law 99-190 as amended.

TITLE I

MILITARY PERSONNEL

Funds appropriated under this title provide for the pay, allowances, subsistence, permanent change of station travel, and various other entitlements of the uniformed members of our Armed Forces. The level of active duty military personnel requested in the President's fiscal year 1987 budget is 13,730 above the end strength funded for fiscal year 1986, while the end strength of the Reserve components requested by the administration is 51,623 above the estimated fiscal year 1986 level.

PAY AND ALLOWANCES

A total of $58,973,285,000 is requested for the pay and other entitlements of active duty officers, enlisted personnel, and cadets at the military academies. This includes basic pay, special and incentive pays, quarters, uniform, subsistence, and separation allowances—except for enlisted personnel subsistence—the U.S. Government's contribution to the Social Security Fund and other applicable allowances. This function also includes enlistment and reenlistment bonuses in the case of enlisted personnel. Beginning in fiscal year 1985, the accrual costs of military personnel retirement are funded in this function.

SUBSISTENCE OF ENLISTED PERSONNEL

This activity reflects the cost of feeding enlisted personnel, either for food served in dining halls—subsistence-in-kind—or in the form of cash allowances for those members authorized to subsist elsewhere. A total of $3,161,883,000 is requested for this activity in fiscal year 1987.

PERMANENT CHANGE OF STATION TRAVEL

The $2,812,373,000 requested for permanent change of station [PCS] travel in fiscal year 1987 supports the rotation of military personnel between permanent duty stations. It covers the cost of travel of the member and his dependents, either by commercial or organic means, per diem allowances at prescribed rates, transportation and nontemporary storage of household goods, and other related costs.

OTHER MILITARY PERSONNEL COSTS

The $275,654,000 requested for this activity provides funds for the apprehension of military deserters, absentees, and escaped military prisoners; for the payment of death gratuities to beneficiaries of deceased military personnel; and for unemployment compensation.

GUARD AND RESERVE PAID DRILL AND INITIAL TRAINING

The $5,196,741,000 requested for this activity includes the costs of the Selected Reserve, members of which attend prescribed numbers of inactive duty training assemblies, ranging from 24 to 48 drill periods per year, as well as 2 weeks active duty for training annually. Beginning in fiscal year 1985, accrual costs of retirement are funded in this function.

OTHER TRAINING AND SUPPORT

This activity, budgeted at $4,282,760,000, supports school and special training for Reservists, administration and support of Guard and Reserve units, and the costs of those members of the Individual Ready Reserve who perform only 2 weeks active duty for training each year. This activity also includes the costs to support personnel undergoing training through the Reserve Officers Training Corps and the Health Professions Scholarship Program to become commissioned officers of the Armed Forces. Beginning in fiscal year 1985, accrual costs of retirement are included in this function.

The following table displays major elements of the fiscal year 1987 request for military personnel. The functions and activities for which appropriations are made are described briefly below.

MILITARY PERSONNEL COMPARATIVE TABLE

[In thousands of dollars]

	Fiscal year 1986 adjusted	Fiscal year 1987—		
		Budget estimate	House allowance	Committee recommendation
Funding by service component:				
Army	21,003,688	22,655,000	22,270,626	22,358,742
Navy	15,875,246	17,459,500	17,056,104	17,035,461
Marine Corps	4,853,944	5,333,400	5,245,086	5,225,361
Air Force	17,698,217	19,290,500	18,810,225	18,957,861
Army Reserve	2,145,194	2,432,000	2,330,830	2,322,529
Navy Reserve	1,264,599	1,527,600	1,436,680	1,470,066
Marine Corps Reserve	270,926	314,800	300,100	309,344
Air Force Reserve	580,507	646,000	628,977	633,715
Army National Guard	3,056,818	3,485,200	3,303,174	3,335,461
Air National Guard	922,797	1,058,900	1,022,310	1,030,258
Total budget request	67,671,936	74,202,900	72,404,112	72,678,798

SUMMARY OF COMMITTEE ACTION

The Committee is recommending a total of $72,678,798,000 in appropriations for Active and Reserve personnel costs in fiscal year 1987. This amount is $1,524,102,000 below the budget request and $274,686,000 above the House allowance. Explanation of the Committee's actions can be found in the following pages.

MILITARY STRENGTH ADJUSTMENTS

For the Active Forces, military manpower is authorized each year in terms of end-of-year strength, while for the Reserve components the annual authorization is in terms of average strength. The fiscal year 1987 Senate authorization bill proposes increasing the end strength of the Active Forces by 6,880 over the fiscal year 1986 level, and holding the average strength floor for the Reserve Forces at the fiscal year 1986 authorized level.

The Department of Defense requested that authorization for selected Reserve personnel be changed from minimum average strengths to minimum end strengths in fiscal year 1987. The Senate authorization bill proposes denying this change, although it was agreed to in the House. Accordingly, Senate allowances for Selected Reserve personnel in this report reflect minimum average strengths, while all other references reflect minimum end strengths. The table below summarizes adjustments to the services' fiscal year 1987 manpower requests:

MILITARY STRENGTH—ACTIVE FORCES

[End strength]

	Fiscal year 1986 enacted	Fiscal year 1987—			
		Budget request	House allowance	Senate authorization	Committee recommendation
Army	780,800	780,900	780,800	780,800	780,800
Navy	581,300	592,700	583,300	587,000	587,000
Marine Corps	198,800	200,300	198,800	199,600	199,600
Air Force	606,470	607,200	606,470	606,850	606,850
Total Active Forces	2,167,370	2,181,100	2,169,370	2,174,250	2,174,250

MILITARY STRENGTH—GUARD AND RESERVE FORCES[1]

[Average strength]

	Fiscal year 1986 estimate	Fiscal year 1987—		
		Budget request	Senate authorization	Committee recommendation
Army Reserve	297,316	317,100	290,639	306,136
Navy Reserve	134,508	147,500	134,212	138,938
Marine Corps Reserve	41,900	42,800	41,900	42,200
Air Force Reserve	75,600	78,300	75,600	76,500
Army National Guard	441,644	452,300	440,025	445,736
Air National Guard	109,100	113,100	108,700	110,567
Total Guard and Reserve	1,100,068	1,151,100	1,091,076	1,120,077

[1] All figures include full-time Guard and Reserve personnel.

MILITARY STRENGTH—GUARD AND RESERVE FORCES[1]

[End strength]

	Fiscal year 1986 estimate	Fiscal year 1987—	
		Budget request	House allowance
Army Reserve	310,650	327,600	326,100
Navy Reserve	142,153	155,700	151,513
Marine Corps Reserve	43,019	44,400	44,093
Air Force Reserve	77,400	80,500	80,459
Army National Guard	450,496	462,800	457,810
Air National Guard	110,859	115,200	114,113
Total Guard and Reserve	1,134,577	1,186,200	1,174,088

[1] All figures include full-time Guard and Reserve personnel.

GUARD AND RESERVE FULL-TIME SUPPORT—END STRENGTH

	Fiscal year 1986 enacted	Fiscal year 1987—			
		Budget request	House allowance	Senate authorization	Committee recommendation
Army Reserve:					
Full time	12,157	13,657	12,157	12,157	12,657
Technicians	7,623	8,032	8,032	7,623	7,759
Navy Reserve: Full time	19,010	23,197	19,010	19,010	20,404
Marine Corps Reserve: Full time	1,475	1,782	1,475	1,475	1,577
Air Force Reserve:					
Full time	635	676	635	635	649
Technicians	9,042	9,175	9,175	9,042	9,086
Army National Guard:					
Full time	23,731	28,721	23,731	23,731	25,393
Technicians	26,629	27,129	27,129	26,629	26,796
Air National Guard:					
Full time	7,269	8,356	7,269	7,269	7,631
Technicians	22,792	23,082	23,583	22,792	22,889
Total:					
Full time	64,277	76,389	64,277	64,277	68,311
Technicians	66,086	67,418	67,919	66,086	66,530

MILITARY FORCES

The Committee recommends appropriations totaling $63,577,425,000 for the Active Forces and $9,101,373,000 for the Reserve Forces. This is $1,160,975,000 and $363,127,000 below the respective budget requests and $195,384,000 and $79,302,000 above the House allowances.

MILITARY MANPOWER AND PAY ADJUSTMENTS

Active forces.—The fiscal year 1987 budget requests an increase of 13,730 active duty military personnel. The Senate authorization bill proposes reducing this request by 6,850, allowing approximately one-half of the increase for the Navy, Marine Corps, and Air Force and denying any increase for the Army. The Committee concurs with this reduction and estimates it will decrease the funding requirement by $93,000,000. The House denied all requested growth, with the exception of 2,000 military personnel for the Navy, and reduced the available funding by $140,000,000.

However, the level of the military personnel budget is driven primarily by average strengths, or work-years estimated by the services to accomplish their end strength goals. Estimates for accession planning, attrition, and retirements, for example, must be considered in establishing the total work-year program necessary to meet the authorized end strength. The fiscal year 1987 request includes an increase of more than 18,000 work-years over the budgeted fiscal year 1986 levels, approximately 11,500 in excess of the increase necessary to provide the required one-half work-year for each requested end strength increase. Furthermore, actual fiscal year 1986 average strength execution varies substantially by service, and DOD-wide is well below the level assumed in budgeting for fiscal year 1987 work-year requirements. Accordingly, the Committee recommends a work-year freeze at fiscal year 1986 levels, adjusted for approved end strength growth, and has reduced active duty work-year funding by $309,000,000. The House reduced the average strength request only for the Navy, in the amount of $40,700,000.

Reserve components.—The fiscal year 1987 budget requests an increase of 51,623 in Reserve component end strengths. This request includes an additional 39,511 drilling reservists and 12,112 full-time personnel. The Committee recommendation funds approximately one-third of the requested increases in both Selected Reserve drilling strengths and full-time manning. This recommendation provides for an average strength floor of 1,120,077, which includes 68,311 full-time Guard and Reservists. This action is intended to allow fiscal year 1987 flexibility to man authorized equipment and mission-related increases.

The Senate authorization did not allow any growth in the Guard and Reserves, either in the full-time or drilling strengths. The proposed freeze at the fiscal year 1986 authorized average strength floor would result in actual Reserve strength reductions, in view of the fact that the Reserve components are projected to be manned at a level nearly 9,000 work-years over that floor at the end of the fiscal year.

The Committee believes it is inappropriate to continue to increase new ships and equipment, equipment conversions, unit activations, and overall missions of the Reserve components but deny the necessary manpower. Therefore, the Committee has reduced the fiscal year 1987 request for Selected Reserve strength increases by $226,100,000 rather than $426,000,000 as assumed by Senate authorization, which will allow required growth above the authorized floor.

The House denied any funding associated with full-time Guard and Reserve personnel and, while allowing the requested growth in part-time personnel, capped the amount available at $112,500,000 below the requested level, for a total reduction of $327,381,000.

In addition, the Department of Defense requested an increase of 1,332 civilian technicans in support of the Army and Air Force Reserve and the Army and Air National Guard. The Committee has recommended funding one-third of this request, in conjunction with approved increases in the other Guard and Reserve manning categories, bringing the fiscal year 1987 level to 66,530. Appropriations for these civilian technicans are included in the operation and maintenance accounts. The House approved an increase of 1,833 civilian technican personnel, including an addition of 501 personnel over the level requested for the Air National Guard.

Military pay raise.—The fiscal year 1987 military pay raise is included in the budget request as a legislative contingency rather than part of the military personnel appropriation request. Section 9094 includes funding to accommodate a January 1, 1987, military pay raise, consistent with congressional budget assumptions. However, if a military pay raise should be authorized which requires funding in excess of the level provided, any additional funding requirements as a result of such authorization must be absorbed from within amounts appropriated.

ALLOWANCES AND BONUSES

Selective reenlistment bonus [SRB].—The Committee recommends $590,303,000 for the selective reenlistment bonus program in fiscal year 1987, a reduction of $212,400,000 from the budget request. The majority of this decrease, $171,600,000, is a result of the Committee's denial of implementation of the proposed change from an initial payment of one-half of a selective reenlistment bonus to an initial payment of 75 percent. The Committee is not convinced that such an increase in the upfront payment is either necessary or affordable in fiscal year 1987. The additional recommended reduction of $40,800,000 would hold new selective reenlistment bonus payments at fiscal year 1986 levels and fully fund prior obligated anniversary payments. The House reduced selective reenlistment bonuses by $226,983,000, and also denied the increase in the upfront payment percentage.

Enlistment bonus.—The Committee does not agree with the House reduction of $33,604,000 which decreases new enlistment bonuses for the Army by approximately one-half and eliminates all new payments for the Navy, Marine Corps, and Air Force. The Committee believes this reduction would have an adverse impact on the services' ability to attract high quality recruits in hard-to-fill skills.

VARIABLE HOUSING ALLOWANCE

The fiscal year 1987 Department of Defense request for variable housing allowances [VHA] includes an across-the-board rate increase of 4.9 percent. The Committee feels that such an increase cannot be accommodated within current budget constraints, particularly in view of recent improvements in mortgage interest rates and inflation, and recommends holding variable housing allowances at fiscal year 1986 levels for Active and Reserve component personnel. The House recommended a

$27,000,000 reduction in VHA inflation costs for the Active Forces but did not address this issue for the Reserves.

PERMANENT CHANGE OF STATION TRAVEL

The Committee recommends an appropriation of $2,467,389,000 for Department of Defense permanent change of station [PCS] travel in fiscal year 1987, a reduction of $335,164,000 from the budget request. Further, the Committee has included a provision capping the total DOD permanent change of station program at $2,517,389,000. This provides limited latitude above the appropriated level, based on anticipated rate increases due to foreign currency fluctuation. The Committee will consider a prior-approval reprogramming to accommodate such foreign currency related rate increases after the Department has clearly identified the funding requirement. The House recommended a cap of $2,239,060,000 for this program.

In an effort to minimize the impact on service members and their families, the Committee has chosen to make programmatic rather than general reductions to the PCS budget. Instead of forcing delays in moves or a shifting of moves from one fiscal year into the next, the Committee believes it is more appropriate to hold the line on new or increased PCS entitlements.

DOD cost-saving initiatives.—In that regard, the Committee is pleased to note that the Department of Defense has made progress recently in recommending policy changes, including increased tour lengths, which will result in significant annual savings. Upon completion of a recent PCS report, the DOD identified $145,000,000 in cost-saving initiatives which were not incorporated into the fiscal year 1987 budget and which are made part of the Committee's recommended reduction.

Household goods weight allowances.—The Committee continues to believe that adequate documentation does not exist to justify the poundage levels by grade proposed by the Department for shipment of household goods during a PCS move. Therefore, the Committee has reduced the permanent change of station request by $97,500,000, the amount requested for increased household goods weight allowances in fiscal year 1987, and directs that the proposed new poundage levels not be implemented.

Temporary lodging expense in CONUS.—Although authorized in fiscal year 1981, payment of a temporary lodging expense during PCS travel in the continental United States was funded for the first time last year, at the requested level of $132,472,000. However, actual expenditures as of the end of the third quarter of fiscal year 1986 were only $12,700,000, less than 10 percent of the appropriated amount. Furthermore, the Department of Defense has since proposed a program revision to change the formula for calculating the temporary lodging expense, resulting in $33,000,000 of the savings identified in DOD's cost-saving initiatives. In view of the current low level of execution for this new entitlement, and the fact that it is currently undergoing revision, the Committee recommends prohibiting the payment of temporary lodging expenses in the continental United States during fiscal year 1987 and deletes the revised funding request of $92,664,000.

ENLISTED TO OFFICER RATIO

The Committee agrees with concerns expressed by the Senate authorization committee regarding excessive growth in the number of active duty officers over the last 5 years and concurs in their proposal to lower the size of the commissioned officer corps by 2 percent per year from the fiscal year 1986 level for each of the next 3 fiscal years. However, rather than leave responsibility for apportionment of these officer reductions with the Secretary of Defense as the authorization provides, the Committee has allocated the reduction of $45,000,000 from the budget request proportionately among the services.

The House reduced the military personnel accounts by $149,811,000 in an effort to increase the enlisted to officer personnel ratio to 6.25 to 1.

Significant differences exist between Senate and House authorization positions on this issue and the proposed Committee reduction would require extensive legislative revision. Accordingly, if there is no final authorization of this provision prior to conference action on defense appropriations for fiscal year 1987, the Committee will reconsider its position at that time.

ENLISTED GRADE GROWTH

Over the past several years, the distribution of enlisted man-years has been shifting upward, substantially increasing the services' enlisted manpower funding requirements. The most significant increase between the fiscal year 1986 and 1987 enlisted grade projections occurs in the Air Force, at an estimated additional cost of $85,000,000, the reduction recommended by the Committee. The House recommended a reduction of $97,000,000 for Air Force average enlisted grade increases.

While the Marine Corps has also requested an increase in enlisted grade structure, 49 percent of their enlisted personnel work-years in fiscal year 1987 continue to be programmed in the lowest three grades, as compared with 30 percent in the Air Force. Therefore, the Committee does not recommend the House reduction of $11,300,000 for Marine Corps average enlisted grade increases.

INFLATION

The Committee recommends a reduction of $25,414,000 to Active and Reserve military personnel accounts to reflect an inflation rate of 3 percent as estimated by the Congressional Budget Office, instead of 4.1 percent as budgeted. The House reduction assumes an inflation rate of 2 percent for the Active services, but does not adjust the inflation assumption for Guard and Reserve forces.

LEGISLATIVE PROVISIONS

The Department of Defense has requested authorization of a number of new military personnel benefits and changes to existing programs to begin in fiscal year 1987. Significant differences exist between the House and Senate authorization committee positions on these legislative provisions.

Except in the case of entitlements or benefits addressed elsewhere in this report or the accompanying bill, the Committee will consider reprogramming within available fiscal year 1987 funds or a supplemental request for any of the provisions which may be authorized.

MILITARY PERSONNEL, ARMY

1986 appropriation	$21,078,169,000
1986 adjusted	21,003,688,000
1987 budget estimate	22,655,000,000
House allowance	22,270,626,000
Committee recommendation	22,358,742,000

The Committee recommends an appropriation of $22,358,742,000 for fiscal year 1987. This is $296,258,000 below the budget request and $88,116,000 above the House allowance.

All recommended adjustments to the budget request, including those items discussed elsewhere in the report, are summarized below:

[In thousands of dollars]

	House adjustment	Recommended adjustment
End strength funding	-1,550	-1,500
Average strength growth		-65,400
Enlisted to officer ratio	-32,478	-16,200
Variable housing allowance	-6,000	-12,772
Permanent change of station travel	-217,557	-145,104
Selective reenlistment bonus	-52,173	-40,400
Enlistment bonus	-28,255	
Inflation	-12,861	-8,082
Sixth Infantry Division personnel	-33,500	
Enlisted clothing allowances		-6,800

Sixth Infantry Division.—The House recommended reductions of $33,500,000 from the Army's "Military personnel" account and $28,600,000 from the "Operation and maintenance" account for manning and operational requirements of the Sixth Light Infantry Division in Alaska. This is based on House authorization action deferring associated military construction projects.

The Army has already begun activation of this division and should proceed expeditiously. The division is required to protect vital U.S. strategic interests and for rapid deployment to meet worldwide contingencies. The Senate has recommended authorization and appropriations of more than $140,000,000 for family housing, barracks modernization, utilities expansion, and other requested military construction for this division in fiscal year 1987.

Beyond these valid requirements for the division, the Committee does not agree with House rationale that Army personnel could be eliminated from the force in the absence of the light infantry division requirements. The fact that the Army is able to field this new division within a fixed military personnel end strength in no way implies that the personnel scheduled to man the division are excess to the needs of the Army. Such a reduction would serve only to discourage continued efforts to effectively utilize limited manpower resources.

Enlisted clothing allowances.—The Committee recommends a reduction of $6,800,000 for Army enlisted clothing allowances, in line with actual versus budgeted levels for these allowances during the last 2 fiscal years.

Enlistment bonus/new Army College Fund.—Prior to last year's congressional action, Army recruits could qualify for educational benefits of up to $10,800 under the new GI bill, plus $14,400 in additional benefits ("kickers"), if they enlisted in certain critical skills, and also be entitled to receive an enlistment bonus. In fiscal year 1986, the Committee included bill language prohibiting the payment of an Army College Fund educational "kicker" to any service member who receives an enlistment bonus. The Committee has continued this language in fiscal year 1987, as has the House.

However, the Committee is aware that the Army is experiencing some downward shifting of enlistment terms, and is particularly concerned about the potential impact on the combat arms skills. Therefore, the Committee has recommended fully funding both the enlistment bonus and Army College Fund educational benefits programs at the requested levels of $61,400,000 and $95,080,000, respectively.

It is the Committee's belief that in managing within these funding constraints, the Army should seriously consider reducing the number of skills which currently qualify an individual for an enlistment bonus or an Army College Fund "kicker." This would allow the Army to better focus these limited resources on those skills which are most critical and hardest to fill.

MILITARY PERSONNEL, NAVY

1986 appropriation	$15,917,144,000
1986 adjusted	15,875,246,000
1987 budget estimate	17,459,500,000
House allowance	17,056,104,000
Committee recommendation	17,035,461,000

The Committee recommends an appropriation of $17,035,461,000 for fiscal year 1987. This is $424,039,000 below the budget request and $20,643,000 below the House allowance.

All recommended adjustments to the budget request, including those items discussed elsewhere in the report, are summarized below:

[In thousands of dollars]

	House adjustment	Recommended adjustment
End strength funding	-104,855	-77,100
Average strength growth	-40,670	-156,100
Enlisted to officer ratio	-65,401	-10,350
Variable housing allowance	-10,900	-21,926
Permanent change of station travel	-69,370	-39,773
Selective reenlistment bonus	-103,693	-115,500
Enlistment bonus	-2,756	
Inflation	-5,751	-3,290

Relocatable over-the-horizon radar [ROTHR].—As addressed elsewhere in this report, the Committee does not recommend House reductions in the relocatable over-the-horizon radar program. Accordingly, the Committee has not included any adjustment for the Navy military personnel associated with ROTHR activities.

MILITARY PERSONNEL, MARINE CORPS

1986 appropriation	$4,870,016,000
1986 adjusted	4,853,944,000
1987 budget estimate	5,333,400,000
House allowance	5,245,086,000
Committee recommendation	5,225,361,000

The Committee recommends an appropriation of $5,225,361,000 for fiscal year 1987. This is $108,039,000 below the budget request and $19,725,000 below the House allowance.

All recommended adjustments to the budget request, including those items discussed elsewhere in the report, are summarized below:

[In thousands of dollars]

	House adjustment	Recommended adjustment
End strength funding	-15,002	-9,600
Average strength growth		-38,700
Enlisted to officer ratio	-9,440	-2,700
Variable housing allowance	-2,800	-5,683
Permanent change of station travel	-8,872	-20,887
Selective reenlistment bonus	-35,288	-28,900
Enlistment bonus	-2,573	
Inflation	-3,039	-1,569
Enlisted grade growth	-11,300	

MILITARY PERSONNEL, AIR FORCE

1986 appropriation	$17,744,770,000
1986 adjusted	17,698,217,000
1987 budget estimate	19,290,500,000
House allowance	18,810,225,000
Committee recommendation	18,957,861,000

The Committee recommends an appropriation of $18,957,861,000 for fiscal year 1987. This is $332,639,000 below the budget request and $147,636,000 above the House allowance.

All recommended adjustments to the budget request, including those items discussed elsewhere in the report, are summarized below:

[In thousands of dollars]

	House adjustment	Recommended adjustment
End strength funding	-18,593	-4,800
Average strength growth		-48,800
Enlisted to officer ratio	-42,492	-15,750
Enlisted grade growth	-97,000	-85,000
Variable housing allowance	-7,300	-14,600
Permanent change of station travel	-267,694	-129,400
Selective reenlistment bonus	-35,829	-27,600
Enlistment bonus	-20	
Inflation	-11,347	-6,689

NATIONAL GUARD AND RESERVE PROGRAMS

School training.—The fiscal year 1987 budget request for school training for the Reserve components is 14.6 percent above the post-Gramm-Rudman-Hollings funding level for fiscal year 1986. The funding request for this training has more than doubled over the last 3 years. Accordingly, the Committee recommends a reduction of $40,530,000, which will continue an adequate level of funding for school training in the Guard and Reserve Forces. The House reduced this program by $21,542,000.

Special training.—The fiscal year 1987 budget requests a 13.4-percent increase for Guard and Reserve special training, including a 20-percent increase for the Army National Guard. The Committee recommends a reduction of $46,541,000, which funds a 3-percent increase in special training and includes the transfer of $141,000 to the "National Board for the Promotion of Rifle Practice" account, as directed in the fiscal year 1986 Urgent Supplemental Appropriations Act. The House reduced special training by $20,201,000, also including the $141,000 transfer to the "National Board for the Promotion of Rifle Practice" account. Within this reduction, the House limited funding for Army National Guard competitive events to $5,654,000, allowing no growth over fiscal year 1986. The Committee does not agree with this specific limitation, and believes the distribution of the special training reductions should be left to the discretion of the individual Guard and Reserve components.

Mobilization training.—The Department of Defense included a 25-percent reduction for Gramm-Rudman-Hollings in Reserve component mobilization training, based on execution rates which were substantially below those programmed for fiscal year 1986. The Committee recommends a reduction of $29,762,000 to reflect the revised budget plan. This reduction includes a transfer of $8,000,000 to the operation and maintenance accounts for the Individual Ready Reserve mobilization test as requested by the Department of Defense to correct a budgeting error.

Individual Ready Reserve mobilization test.—The House proposed a reduction of $61,000,000, deleting all funding for the Individual Ready Reserve mobilization test in fiscal year 1987. The Committee believes such a test would provide the Reserves with much-needed information on the current status and physical condition of the members of the Individual Ready Reserve and does not concur with the House reduction.

Incapacitation pay revisions.—The Committee recommends a reduction of $10,800,000 to reflect fiscal year 1987 savings associated with proposed Senate authorization revisions in incapacitation pay for Guard and Reserve personnel, as requested by the Department of Defense. The Committee understands the revised program would improve the equity of incapacitation pay while reducing its excesses. This issue was not addressed by the House.

Significant differences exist between Senate and House authorization positions on this issue and the proposed Committee reduction would require extensive legislative revision. Accordingly, if there is no final authorization of this provision prior to conference action on defense appropriations for fiscal year 1987, the Committee will reconsider its position at that time.

Joint Reserve unit for technical support.—The Committee has been made aware of a proposal which could result in better utilization of the civilian skills of members of the various Reserve branches of the Department of Defense. As envisioned, a joint unit would be formed comprised of Reserve officers and enlisted personnel from all services. The members of this unit, selected principally on the basis of their civilian occupations and/or acquired skills, would be assigned to DOD organizations where their skills would be best utilized. In this current atmosphere of fiscal constraints, it would appear that this idea has the benefit of acquiring specialized skills for the Department for what should be a minimal investment. The Secretary of Defense is requested to carefully consider the proposal and to inform the Committee of any intended implementation plans.

House adjustments.—The House recommends reductions totaling $12,305,000 to the Army Reserve senior ROTC nonscholarship program, Navy Reserve subsistence and Navy and Marine Corps Reserve permanent change of station moves which the Committee does not recommend.

RESERVE PERSONNEL, ARMY

1986 appropriation	$2,178,564,000
1986 adjusted	2,145,194,000
1987 budget estimate	2,432,000,000
House allowance	2,330,830,000
Committee recommendation	2,322,529,000

The Committee recommends an appropriation of $2,322,529,000 for fiscal year 1987. This is $109,471,000 below the budget request and $8,301,000 below the House allowance.

All recommended adjustments to the budget request, including those items discussed elsewhere in the report, are summarized below:

[In thousands of dollars]

	House adjustment	Recommended adjustment
Full-time support strength	-23,510	-15,200
Drilling reserve strength		-55,800
Unit and individual training	-29,600	
School training		-3,331
Special training	-5,060	-3,760
Mobilization training	-38,000	-24,684
Variable housing allowance		-800
Incapacitation pay		-3,700
Inflation		-2,196
Senior ROTC nonscholarship program	-5,000	

RESERVE PERSONNEL, NAVY

1986 appropriation	$1,267,734,000
1986 adjusted	1,264,599,000
1987 budget estimate	1,527,600,000
House allowance	1,436,680,000
Committee recommendation	1,470,066,000

The Committee recommends an appropriation of $1,470,066,000 for fiscal year 1987. This is $57,534,000 below the budget request and $33,386,000 above the House allowance.

All recommended adjustments to the budget request, including those items discussed elsewhere in the report, are summarized below:

[In thousands of dollars]

	House adjustment	Recommended adjustment
Full-time support strength	-54,727	-38,700
Drilling reserve strength		-10,800
Unit and individual training	-17,000	
School training	-1,320	-1,119
Special training	-649	-1,800
Mobilization training	-10,000	-2,749
Variable housing allowance		-1,000
Incapacitation pay		-600
Inflation		-766
Full-time support subsistence	-3,143	
Full-time support PCS moves	-4,081	

RESERVE PERSONNEL, MARINE CORPS

1986 appropriation	$272,250,000
1986 adjusted	270,926,000
1987 budget estimate	314,800,000
House allowance	300,100,000
Committee recommendation	309,344,000

The Committee recommends an appropriation of $309,344,000 for fiscal year 1987. This is $5,456,000 below the budget request and $9,244,000 above the House allowance.

All recommended adjustments to the budget request, including those items discussed elsewhere in the report, are summarized below:

[In thousands of dollars]

	House adjustment	Recommended adjustment
Full-time support strength	-3,919	-2,600
Unit and individual training	-3,700	
School training		-246
Special training		-600
Mobilization training	-7,000	-1,329
Variable housing allowance		-70
Incapacitation pay		-400
Inflation		-211
PCS moves	-81	

RESERVE PERSONNEL, AIR FORCE

1986 appropriation	$584,430,000
1986 adjusted	580,507,000
1987 budget estimate	646,000,000
House allowance	628,977,000
Committee recommendation	633,715,000

The Committee recommends an appropriation of $633,715,000 for fiscal year 1987. This is $12,285,000 below the budget request and $4,738,000 above the House allowance.

All recommended adjustments to the budget request, including those items discussed elsewhere in the report, are summarized below:

[In thousands of dollars]

	House adjustment	Recommended adjustment
Full-time support strength	-1,823	-1,000
Drilling reserve strength		-3,300
Unit and individual training	-9,200	
School training		-1,254
Special training		-4,400
Mobilization training	-6,000	-1,000
Variable housing allowance		-40
Incapacitation pay		-780
Inflation		-511

NATIONAL GUARD PERSONNEL, ARMY

1986 appropriation	$3,066,568,000
1986 adjusted	3,056,818,000
1987 budget estimate	3,485,200,000
House allowance	3,303,174,000
Committee recommendation	3,335,461,000

The Committee recommends an appropriation of $3,335,461,000 for fiscal year 1987. This is $149,739,000 below the budget request and $32,287,000 above the House allowance.

All recommended adjustments to the budget request, including those items discussed elsewhere in the report, are summarized below:

[In thousands of dollars]

	House adjustment	Recommended adjustment
Full-time support strength	-104,012	-72,900
Drilling reserve strength		-3,000
Unit and individual training	-43,300	
School training	-20,222	-33,912
Special training	-14,492	-32,481
Variable housing allowance		-1,200
Incapacitation pay		-4,400
Inflation		-1,846

NATIONAL GUARD PERSONNEL, AIR FORCE

1986 appropriation	$926,716,000
1986 adjusted	922,797,000
1987 budget estimate	1,058,900,000
House allowance	1,022,310,000
Committee recommendation	1,030,258,000

The Committee recommends an appropriation of $1,030,258,000 for fiscal year 1987. This is $28,642,000 below the budget request and $7,948,000 above the House allowance.

All recommended adjustments to the budget request, including those items discussed elsewhere in the report, are summarized below:

[In thousands of dollars]

	House adjustment	Recommended adjustment
Full-time support strength	-26,890	-19,900
Drilling reserve strength		-2,900
Unit and individual training	-9,700	
School training		-668
Special training		-3,500
Variable housing allowance		-500
Incapacitation pay		-920
Inflation		-254

TITLE II

OPERATION AND MAINTENANCE

The Committee recommends appropriations totaling $77,923,000,000 in title II, operation and maintenance, for fiscal year 1987, which includes $7,000,000 reappropriated from fiscal year 1986. This is $7,850,000,000 below the budget estimate and $186,862,000 below the House allowance.

The Committee recommendations by appropriation account are compared with the budget estimate, authorization, and House allowance in the following table:

COMMITTEE RECOMMENDATIONS

Appropriations under this title finance the costs of operating and maintaining the Armed Forces, including the Reserve components and Department of Defense agencies. Included are funds for pay of civilians, contract services for maintenance and repair of facilities and weapons systems, fuel, supplies, services, and repair parts. Activities such as flying hours, steaming hours, training, travel, health care, and education are provided for under this title.

The Committee's recommendation is $2,791,274,000 below the funding levels authorized by the Senate, and $186,862,000 below that provided for in the House Appropriations Committee allowance. Almost half the reduction recommended by the Committee is repricing for fuel purchases, inflation, and industrial fund profits. In addition to pricing adjustments, a variety of programs are reduced. The House Committee proposed program reductions in important readiness programs such as flying hours, steaming hours, and training. While lower than the House, the Committee essentially protects full funding for flying hours, steaming hours, and general operating tempo levels at the budget request level.

FUEL COSTS

The Committee recommends a reduction of $2,968,000,000 to reflect declining fuel costs.

The budget includes over $6,000,000,000 for procurement of 193,000,000 barrels of fuel. Fuel is a principal factor in calculating the cost of many operating activities, such as flying hours. Eighty percent of the Department's fuel is consumed by active Air Force and Navy units. Of the amount requested in 1987, 179,000,000 barrels are planned for central procurement by the Defense Stock Fund and 14,000,000 barrels are planned for local purchase by the service stock funds. The budget request is based on an established rate for stock fund customers of $31.50 per barrel refined fuel in 1987 ($.75 per gallon) down from a budgeted rate of $32.76 in 1986.

The price of petroleum has declined rapidly since submission of the defense budget. In 1986 the stock fund price charged to the operating accounts is $32.76 per barrel, but the average cost per barrel to the stock fund is estimated to be $27.50 per barrel, for a savings of $5.26 per barrel. In 1987 the average cost per barrel is estimated to be approximately $21.50, or a savings of $10 per barrel compared to the budget request.

The Committee's recommendation acknowledges price reductions as well as overstated requirements. Each year the Department's actual fuel consumption has been below the levels forecasted in the budget and provided for in appropriations by approximately 6,000,000 barrels. This inability to use the total amount available has occurred primarily with local purchases made by service stock funds. Accordingly, the Committee's recommendation assumes procurement of 187,000,000 barrels rather than the 193,000,000 barrels requested.

The Committee's recommendation reduces the 1987 appropriation through stock fund refunds for profits that are occurring in 1986 as well as forecasted for 1987. A total reduction of $2,968,000,000 is recommended. Of this amount, $2,329,664,000 shall be refunded by the Defense Stock Fund. The balance of $300,000,000 shall remain in the stock fund to finance the transfer of Defense Logistics Agency procurement activities discussed later in this report, and $210,096,000 shall be refunded by the service stock funds for pricing changes.

INFLATION

The Committee recommends a reduction of $623,150,000 from the budget request to reflect declining inflation rates for nonfuel purchases.

The Department's budget estimate assumes $2,167,000,000 to accommodate a 4-percent inflation rate. This increase is calculated on a presequester baseline. The Committee's recommendation is based on the Congressional Budget Office's inflation forecast of 3 percent, or 1 percent below the rate anticipated in the budget. The House assumed a 2-percent inflation rate and a reduction of $1,130,000,000.

INDUSTRIAL FUND REFUNDS

The Committee recommends a reduction of $824,000,000 from the budget estimate to reflect higher profit refunds from Department of Defense industrial funds.

The Department maintains five industrial funds—Army, Navy, Marine Corps, Air Force, and Defense. These funds are financed through transfer of resources from appropriation accounts and support a variety of industrial type activities, like Navy shipyards and aircraft logistics centers, in support of the Active and Reserve Forces. Customer charges are established on a stabilized rate for each fiscal year. These rates are established at levels intended to recover costs and surcharges to maintain fund activities.

Ideally, industrial funds operate on a break-even basis over the long term. Profits are refunded to the service operating accounts and losses are passed through in subsequent years. The 1987 budget assumes that in total the five industrial funds would make a profit of $68,500,000 and refund $378,500,000 to the operating accounts for a net operating loss of $310,000,000. The projected loss is to be recovered from the existing cash balances of the industrial funds.

After 8 months of performance in 1986, the industrial funds have produced higher profits than forecast. The Committee's recommendation assumes that the funds will continue at their current rate of profitability in 1986 and 1987. Accordingly, an $824,000,000 refund is recommended to be distributed as follows: $688,000,000 to the Navy; $148,000,000 to the Army; and $12,000,000 to be passed back from the Air Force to the Air Force industrial fund.

The Committee recommendation is $27,200,000 higher than the House allowance and a redirection of $100,000,000 to the "Army O&M" account for depot maintenance is not included.

CIVILIAN PERSONNEL

The Committee recommends a $316,000,000 reduction from the budget estimate for civilian personnel pay and related costs.

The Department of Defense employs over half the civilians in the Federal Government. Measured on a work-year basis, the budget includes 1,123,466 work-years for defense military functions and 1,058,992 for all other Federal functions, except postal services. The administration has treated civilian employment in the Department of Defense quite differently from other agencies. It has added almost the same number of personnel to the Defense Department that it has reduced from nondefense Federal agencies. In 1987 the budget assumes an increase in defense employment by 3,123 work-years above 1986 while decreasing nondefense employment by 23,400 work-years.

The administration has argued that civilian employment in the Department of Defense represents a resource and should not be managed except by controlling appropriated dollars. Accordingly, the Congress has exempted the Department from both work-year and end strength ceilings. Also, the Department has argued that civilian employees are required to maintain the expanded force structure that has been provided for since 1982.

In testimony before the Committee, interesting data regarding the Department's civilian personnel growth surfaced. Since 1982, Department of Defense employment has grown by 100,000 work-years. Growth has been uneven with personnel increases in NATO/Europe exceeding 50 percent while increases in the United States reached about 8 percent. Further, employment of foreign national employees increased by 4,883 positions during this same period. These increases are depicted in the following table:

DEFENSE CIVILIAN PERSONNEL BY LOCATION

[End strengths [1]]

	Sept. 30, 1982	Sept. 30, 1985	Percentage increase
United States	903,158	979,011	8
Europe/NATO	33,669	51,116	52
Total worldwide	976,109	1,076,110	10
Foreign national employees in Europe/NATO [2]	60,978	65,864	8

[1] Source: Department of Defense, Worldwide Manpower Statistics.

[2] Foreign national employees are not included in Defense civilian personnel end strength totals.

While the Department argues that civilian growth is required for new weapons programs, a review of the top gaining position classifications between 1982 and 1985 indicates that the second and third highest gaining classifications were secretaries and clerk typists. This increase of nearly 14,000 positions in clerical support personnel occurred at the same time the Department has received significant funding support for office automation intended to diminish personnel requirements. Further, the increase in civilians in NATO has occurred while the military end strengths have been controlled by congressionally mandated ceilings. The Committee will request the General Accounting Office to examine this latter issue to discern if civilian position growth in NATO was used to circumvent congressional direction regarding U.S. military presence.

The Committee has not supported personnel ceilings as a means to impose management, yet the Department has not demonstrated an ability to contain civilian employment commensurate with the workload justified. Accordingly, a general provision is included to establish end strength and work-year ceilings. The Committee believes that work-year ceilings may provide a more effective control of civilian personnel than would end strength ceilings alone. Work-year ceilings are intended to hold an agency to its budgeted level through the year, but not stipulate the number of individuals for each position, grade level, or time of the year employment should be used. The Committee notes that the administration adheres to the principle that work-year ceilings are an appropriate and effective management tool for all other Federal agencies. The Committee also recommends an end strength ceiling of 1,084,836 consistent with the Senate authorization assumptions.

The Committee's recommendation represents a 2-percent reduction in work-years (22,396), a funding decrease of less than 1 percent to the request. It is also less than half the reduction recommended by the House. For all accounts, medical personnel, apprentices, and interns should be exempted from reductions.

CIVILIAN PAY RAISE

The fiscal year 1987 civilian pay raise is included in the budget request as a legislative contingency rather than part of the operation and maintenance appropriation request. Section 9094 includes $372,000,000 to accommodate a 2-percent civilian pay raise, effective January 1, 1987, if authorized. However, if a civilian pay raise should be authorized which requires funding in excess of the level required for a 2-percent January 1 pay raise assumption, any additional funding requirements as a result of such authorization must be absorbed from within amounts appropriated.

EFFICIENCY REVIEWS/A-76

The Committee recommends a reduction of $50,000,000 in anticipation of savings from efficiency reviews and contracting out performed under OMB Circular A-76. The House allowance did not address this issue.

The Department of Defense maintains an aggressive contracting out and efficiency review program with approximately 10,000 positions studied per year and 100,000 positions identified for study. The Department claims 28,000 positions have been contracted out since 1979 and cumulative savings from these efforts to be $500,000,000 per year. The recommended reduction of $50,000,000 represents a portion of new savings that should result from studies since 1985.

The Committee strongly urges and recommends to the Department of the Army that it proceed as expeditiously as possible to implement the stated policy of contracting out food service operations, to include the use of contractor personnel to perform attendant services in basic training facilities.

TRAVEL

The Committee recommends a reduction of $238,100,000 to the amount requested for travel.

In its review of the service budget submissions, the Committee has found a significant lack of standardization. The Navy budgets $415 per capita per year while the Marine Corps is even less at $337 for travel costs. At the other end of the spectrum, the Air Force and Army spend $653 per capita per year for such travel expenses. Interestingly, the Navy has the highest civilian permanent change of station percentage in DOD, yet maintains a significantly lower travel program.

The Committee's recommendation would fund the Army and Air Force at $550 per capita per year, still one-third higher than the Navy. Other accounts are held at their 1986 postsequester level.

FLAT RATE PER DIEM

The Committee has been interested for some time in the concept of a flat rate per diem system for military and civilian personnel. In fiscal year 1984, the Committee directed a 2-year test of such a system in the Air Force and in the Defense Logistics Agency.

Effective July 1986, the Federal Civilian Employees and Contractor Travel Expenses Act of 1985 established a flat rate per diem system for all Federal civilian employees, including those in the Department of Defense. The Committee recommends extending such a flat rate per diem system to DOD military personnel and has included the provision proposed by the Senate Armed Services Committee which provides the necessary changes in authority. It should be noted, however, that this language allows utilization of this new per diem system only during fiscal years for which the Department of Defense has certified that costs under the new method of calculation will not exceed those which the Government would incur under the current system.

ASSET CAPITALIZATION PROGRAM

The Committee recommends a reduction of $141,000,000 to the Army and Air Force operation and maintenance accounts due to poor execution by the Asset Capitalization Program [ACP].

Industrially funded activities procure new equipment through the Asset Capitalization Program by adding an ACP factor to the stabilized industrial fund rates. In assessing charges to the operating appropriations, both depreciation and ACP surcharges are assessed to finance the annual capitalization initiative. In 1987 the industrial fund rates are based on $1,009,400,000 for ACP procurements.

The Navy, with the largest ACP program, has continued to execute to plan, and has annually obligated 100 percent of its ACP funds since the program was started in fiscal year 1982. Conversely, the Army has obligated only 60 percent of its fiscal year 1985 ACP funds and only 11 percent of its 1986 funds at the end of 8 months of the fiscal year. The Army's spending plan called for all of these funds to be obligated. The Air Force has obligated 83 percent of its 1985 ACP and 51 percent of its 1986 program after 8 months. In light of these lower obligation rates, the Committee recommendation assumes deferral of a portion of the planned procurements until the patterns improve.

REAL PROPERTY MAINTENANCE/MINOR CONSTRUCTION

The Committee recommends a $391,000,000 reduction to the budget request for real property maintenance and minor construction. The House did not address this issue.

The budget includes $5,599,300,000 for real property maintenance and minor construction activities [RPMA]. This funding provides support to maintain and repair buildings, roadways, railway tracks, piers, housing, and other real property. Minor construction accounts for approximately 10 percent of the total and is defined as construction that does not exceed $200,000 for each project.

Historically, this Committee has taken an active role in reinvesting in real property facilities. From 1981 to 1986 the Congress increased funding for these RPMA activities to the extent of 38 percent real growth. Nevertheless, with the exception of the Army, the Department's assessment of the backlog of maintenance and repair [BMAR] has not decreased commensurate with the levels of funding appropriated. Instead BMAR has come to represent the desires of local base commanders. In turn, the Department makes little effort to scrutinize BMAR projects, and set priorities relative to readiness objectives. Consequently, BMAR lists include sailing marinas and dog kennels among the backlog priority requirements.

As a result of the limited scrutiny, the Defense Department tends to view real property maintenance as a lower priority program. RPMA funds are often reprogrammed below threshold to cover other operation and maintenance requirements. At the end of each fiscal year, funds invariably migrate back to RPMA to ensure congressionally mandated spending floors are met. The services all used the discretion allowed under the 1986 Gramm-Rudman-Hollings sequester provisions and applied the brunt of the reduction to RPMA. As a result, $580,000,000, or 16 percent of the 1986 sequester applied to operating accounts was taken from RPMA. In particular, the Navy applied most of its O&M sequester by reducing its $996,000,000 1986 RPMA program by $224,000,000.

In light of the low priority assigned by the Department to RPMA and the high level of funding that Congress has allocated to the program during the past 5 years, the Committee recommends a reduction in RPMA/minor construction in the Active Forces O&M accounts. The

Guard and Reserve accounts are funded at the request level. The approved funding level of $5,207,900,000 still allows for 8.5 percent real growth from the postsequester base. A general provision prohibiting the future use of these funds for nonappropriated fund activities, like the sailing marinas, is also recommended. The Committee's recommended bill language no longer includes a floor for real property maintenance based on the assumption that the Department will assign a higher priority to the program than evidenced in the past.

INDUSTRIAL ACTIVITY PRODUCTIVITY

The Committee recommends a reduction of $269,500,000 in anticipation of productivity improvements at Department of Defense industrial facilities. The House did not address this issue.

Department of Defense industrial activities are funded on a business principle with operating accounts purchasing services for repair and maintenance of assets. When measured on a cost-per-unit basis, defense industrial activities evidence little productivity improvement over the last few years even though over $3,000,000,000 has been appropriated for capital investment projects to raise productivity.

Recognizing this lack of productivity, the Navy budget assumes improvement in labor cost rates at shipyards by factoring a 10-percent reduction in cost without reducing the number of ships that will be repaired and modernized.

The Committee's recommendation assumes a 2.5-percent productivity improvement through man-hour efficiencies, labor rates, and material cost reductions at Naval air rework facilities, and Air Force, Army, and defense industrial activities. This improvement provides a reduction in customer rates of $269,500,000 from the level requested in the budget.

CONTRACTED ADVISORY AND ASSISTANCE SERVICES

The Committee recommends a reduction of $100,000,000 in contracted advisory and assistance services.

The budget requests $2,096,700,000 for contracted advisory and assistance services, a $161,000,000 increase over the 1986 presequester level of $1,935,700,000. In particular, studies through Defense Agencies' contracts are projected to increase significantly.

The Committee recommendation conforms with the $25,000,000 authorization reduction to the Army, but also reduces the Navy, Air Force, and Defense Agencies by $25,000,000 each. Each of these requests are larger than the Army's program.

The Committee also became aware that the Department includes reimbursable work performed by the Department of Energy under the definition of contractor advisory assistance services. While these DOE functions are performed in Government-owned, contractor-operated facilities, the Committee does not believe essential nuclear research and engineering projects should be included in this category.

OTHER AUTHORIZATION REDUCTIONS

The Committee recommends a reduction of $261,000,000 from the budget as provided for in the 1987 Defense authorization bill, S. 2638. These reductions are as follows:

Base operations	$119,000,000
Administration	31,000,000
Supply operations	40,000,000
Command, control, and communications	71,000,000

REPORT ON REVISIONS TO POSSE COMITATUS

The Committee requests the Departments of Justice, Defense, and Transportation to submit a report by February 1, 1987, on proposed changes to the provisions of posse comitatus. On the basis of this report, the Office of Management and Budget is expected to propose legislation implementing recommended changes desired by the administration.

The Department of Defense traditionally has been unable to provide substantial support to civilian law enforcement agencies in their efforts against illegal importation of drugs due to the legal separation between civilian law enforcement and military missions as required under the Posse Comitatus Act. In 1981, Public Law 97-86 was enacted to authorize the military services to: (1) share information collected during routine military operations with Federal, State, and local officials; (2) make facilities and equipment available to such officials; and (3) make personnel assistance available under certain conditions. The prohibition on direct participation of military personnel in drug enforcement arrests and seizures was maintained.

In April 1986, the President signed a national security decision directive on narcotics and national security that assessed the threat to the United States from the international narcotics trade. The President directed the Department of Defense to become more actively involved in drug interdiction efforts. The recent joint interdiction efforts of the U.S. Army and the Bolivian Government are an example of the type of operations that are possible under this policy.

The Committee fully supports the President's decision and believes that the continued importation of illegal drugs into the United States is a severe threat to national security. The Committee understands the administration intends to transmit a budget amendment to enhance current Federal drug interdiction activities. The Committee requests the administration to identify appropriate legislative changes to the Posse Comitatus Act that will enable the Department of Defense to meet the current drug threat as effectively as it now prevents potential conflicts with aggressors. Moreover, such a legislative initiative will serve to consolidate the veritable plethora of proposals which have emerged piecemeal in recent years. A concerted, comprehensive policy is urgently required to enable effective participation by DOD in the drug interdiction effort.

QUALITY OF OPERATION AND SUPPORT COSTS

The Committee continues to be concerned about the accuracy of operation and support [O&S] cost estimates on existing and future weapons systems that are being provided to Congress by the military services. For this reason, the General Accounting Office [GAO] has been commissioned to undertake a comprehensive study to determine the scope of the problem, to identify its causes, and to propose remedial action. This is to be a long-term effort.

Unfortunately, the GAO is already experiencing difficulty in obtaining needed information. The Committee, therefore, directs the military services to cooperate in this endeavor and to provide the GAO with all the data necessary to complete the study in a timely manner.

TRANSPORTATION FOR THE GENEVA ARMS CONTROL NEGOTIATIONS DELEGATION

The Committee is concerned about security ramifications of the present travel arrangements for the Nuclear and Space Arms Talks negotiation delegation to and from Geneva, Switzerland. The Department is directed to provide military airlift from within available funds for the negotiation delegation and their essential classified material to and from Geneva at the start and finish of each round of the negotiations.

PRINTING AND DUPLICATING SERVICES

In its report accompanying the 1987 defense appropriation bill, the House Appropriations Committee expressed concern regarding the lack of central management of Department of Defense printing and duplicating services. The House noted a particular Army system that resulted in costs for printing that significantly exceeded commercial rates. The House directed that: (1) a Defense-wide printing agency be established by September 30, 1986; and (2) all electronic printing be halted until after establishment of the Defense-wide printing agency.

The Committee shares the House Appropriations Committee's concern regarding management of the $600,000,000 Defense printing program. The Committee agrees that a centralized approach might lead to efficiency, less duplication, and lower costs. The Committee believes, however, that both the House and Senate Committees should review all available options, such as making one service or an existing Defense agency responsible for Department-wide printing and duplicating, in addition to the Defense Printing Agency approach. Accordingly, the Committee recommends that the Department submit by February 1, 1987, an option paper to both Committees on consolidating Department printing and duplicating services. Finally, the Committee does not concur in the House position that electronic printing be halted during this interim period.

FEASIBILITY STUDY, LAMBERT-ST. LOUIS INTERNATIONAL AIRPORT

The Committee requests that the Department of Defense prepare a study of the feasibility of relocating the Air National Guard facilities in the west end of the Lambert-St. Louis International Airport to an area in the north end of the airfield in order to facilitate needed future expansion of the airport's terminal facilities. The report should include an analysis of relocating Army and Marine facilities located on the current Guard site to available Federal offices in the St. Louis area.

UNDERGROUND HEAT DISTRIBUTION SYSTEMS

The Committee encourages the Department to continue its efforts to study and improve the technology and procedures for maintaining underground heat distribution systems (which are in widespread use at DOD facilities throughout the world). In view of the fact that the costs from heat loss from underground heat distribution [UHD] systems are second only to the cost of installation itself, the Committee believes it is essential, from a budgetary perspective, that the Department actively pursue improvements in the maintenance of new and existing direct buried UHD systems.

The Committee is aware that the Department and Federal Agency Committee on UHD systems are working closely with industry to study the installation, operation, and maintenance requirements of several different types of UHD systems to determine life cycle costs. The results from such studies, which the Committee expects to be objective and comprehensive, will be of considerable interest to the Committee. The Committee asks the Department of Defense to make a full report on the steps it has taken to improve UHD system maintenance in the past 2 years. Finally, it is the Committee's view that the Defense Department should continue its nondiscriminatory bidding on UHD systems.

U.S. COAL USE IN EUROPE

The Committee recommends concurrence in the House deletion of last year's general provision (sec. 8070) prohibiting the conversion or consolidating of heating facilities on U.S. Defense installations in Europe to district heating distribution systems. The deletion of last year's provision by both Appropriations Committees accords with the position taken by both the House and Senate Armed Services Committees which have, likewise, repealed the specific statute preventing district heat conversions.

New House report language, however, establishes the requirement for Committee approval of further district heat conversions. Such approval will be based on consideration of cost effectiveness of all heating systems, including solid fuels heating facilities constructed on the grounds of U.S. installations and funded through use of third-party financing. The Committee recommends denial of this new language for several reasons: (1) It indefinitely delays all district heating conversions directed by the authorizing committees and requested again by the West German Government. Environmental concerns remain key political issues in the Federal and local German communities. Necessary permits and licenses must be obtained from German authorities even if the German coal industry rather than the United States military designs/builds/maintains coal-fired plants on United States installations as is implied in the House report language. That coal-burning plants can meet environmental standards in Germany and in the United States is well known and not at issue: whether German authorities will grant requisite authority to maintain or introduce German or United States coal-fired facilities when district heat is available is the determining factor in energy source selection for United States facilities in Germany. Past experience demonstrates the likely intransigence of German authorities in this area as detailed in the Department of Energy Report CNEAF–86–01 of August 1986. Indeed, such was the compelling reasoning behind this Committee's proposal last year to implement the domestic coal consumption program of the Department of Defense; namely, complete legislative control.

(2) United States military forces, both family housing and base operations, are interspersed within the German communities and are not, as in the United States, concentrated in out-of-town garrisons. Accordingly, in these instances, a heating plant cannot be built on the U.S. installation proper, as proposed by the House.

(3) Since the United States does not own the land it occupies, it would have to obtain German Government concurrence or direct intervention of the German authorities in negotiating third-party contracts. It is very possible that such authorities would not cooperate in a third-party contracting effort—even to determine cost effectiveness—if the Government-subsidized district heat were available. Consequently, the Department may be unable to collect all the data necessary to comply with and satisfy the House direction regarding Committee approval.

DOMESTIC USE OF U.S. COAL

The Committee recommends retention of last year's bill language requiring that the Department of Defense implement its domestic coal conversion program in order to achieve a coal consumption target by 1994 of 1,600,000 tons above the 1985 level of 1,200,000 tons. This action corresponds with that of the Senate authorizing committee but adds a new proviso which makes available, until expended, on a non-reimbursable basis, the $25,000,000 included in last year's appropriation. The House recommends deletion of last year's bill language and recommends in report language that continued conversions be based on cost effectiveness.

The Committee commends the Department for its good faith effort to begin this program and notes that it has already succeeded in increasing the coal consumption targets set for selected sites. Moreover, as reiterated by the Secretary of Defense in his May 16, 1986, report to the Congress, the Department has determined that selected projects will be accomplished only if they are the least life cycle costly alternative.

The objective of this coal conversion program is to increase the Department's coal use domestically in order to offset the declining use of United States coal by DOD facilities in Germany. Those projects being investigated for coal conversion or new coal use are deliberately chosen and chosen only if they have the highest likelihood of being the most cost-effective sites for coal use. DOD's conversion sites are those which previously burned coal but were converted during the 1960's and 1970's concern for the environment. They are now prime candidates because of improvement of pollution abatement technology and the proximity of economic coal.

Those proposed plants being investigated for new coal use have been determined to be prime economic candidates for a coal-fired facility. Under current congressional direction, all DOD plants over 50,000,000 Btu's input must be solid fuel-burning or the Congress must be notified in the case where local or State regulations prohibit coal or where there is a more cost-effective alternative. Under the Power Plant and Industrial Fuel Use Act, any fossil-fired plant over 100,000,000 Btu's must obtain a waiver from the Department of Energy to burn fuel other than a solid fuel.

The Committee notes that none of DOD's proposed plants is certain to burn coal in that if a responding third-party contractor proposes a lowest life-cycle cost plant burning a fuel other than coal, the service involved would be obliged to obtain the requisite waivers from Congress and the Department of Energy under the Fuels Use Act in order to implement that proposal. The competition for the proposed plants will follow the Federal acquisition regulations and will be processed in a manner to ensure completely fair and open competition. Indeed, the Committee notes that the Department of Energy Report CNEAF–86–01 of August 1986, indicates that when coal conversions are made only in those facilities where they are the most economical alternative, the Department would spend, over 30 years, between $180,000,000 and $701,000,000 less than it would spend to continue the use of the current fuel.

Finally, the Committee recognizes that the Department will choose other energy sources wherever cost effective and practicable. A current example of this policy is the solicitation for a cogeneration plant for McDill Air Force Base, FL, which will most probably be fired by natural gas.

PARTICIPATION IN OVERSEAS FUEL PROCUREMENT BY U.S. REFINERIES

The Committee recommends bill language to allow U.S. corporations with a refining capacity of 75,000 barrels or less per day increased participation in the Department of Defense overseas fuel procurement program. The Committee believes that assured fuel supplies are vital to national security and has encouraged the Department of Defense to continue to seek military specification fuels from sources that are not susceptible to interruption. The recommended provision will assist the refining industry within the United States and will have a positive effect on the U.S. balance of trade.

Increased participation in the Overseas Fuel Procurement Program will come through a "last look" at awards to foreign refiners. If a U.S. refiner has participated in the solicitation through submission of a bid and can match the bid for price, specifications, and deliverability, the

SUMMARY OF OPERATION AND MAINTENANCE

[In thousands of dollars]

	Budget estimate	Authorization	House allowance	Committee recommendation	Committee compared with— Budget	Authorization	House
O&M Army	21,341,870	20,596,070	19,774,531	20,026,759	-1,315,111	-569,311	252,228
O&M Navy	25,688,500	24,009,960	22,993,227	23,156,226	-2,532,274	-853,734	162,999
O&M Marine Corps	1,864,100	1,830,300	1,793,338	1,783,360	-80,740	-46,940	-9,978
O&M Air Force	21,214,500	19,310,786	18,893,758	18,684,017	-2,530,483	-626,769	-209,741
O&M Defense Agencies	8,573,700	8,344,928	6,300,040	7,651,437	-922,263	-693,491	1,351,397
Military health care			1,679,409				-1,679,409
O&M Army Reserve	793,100	776,100	769,298	771,385	-21,715	-4,715	2,087
O&M Navy Reserve	975,900	887,400	869,847	887,400	-88,500		17,553
O&M Marine Corps Reserve	65,300	62,800	63,218	62,800	-2,500		-418
O&M Air Force Reserve	975,600	887,100	922,100	887,100	-88,500		-35,000
O&M Army National Guard	1,786,900	1,714,800	1,734,696	1,714,800	-72,100		-19,896
O&M Air National Guard	1,932,700	1,727,900	1,790,384	1,727,900	-204,800		-62,484
National Rifle Board	930	930	4,316	4,316	3,386	3,386	
Claims defense	155,600	144,100	144,400	144,400	-11,200	300	
Court of Military Appeals	3,400	3,200	3,200	3,200	-200		
Pan American Games	15,000	15,000	15,000	15,000			
Environmental restoration	385,900	385,900	346,100	385,900			39,800
Humanitarian assist/Afghanistan aid:							
New appropriation		10,000	6,000	10,000	10,000		4,000
Reappropriation		7,000	7,000	7,000	7,000		
Total O&M	85,773,000	80,714,274	78,109,862	77,923,000	-7,850,000	-2,791,274	-186,862

award will be made to a U.S. refiner instead of a foreign refiner. The successful refiner is specifically prohibited from entering into processing agreements to meet the terms of the award. The Committee does not, however, believe that the successful refiner should be prohibited from entering into exchange or "swap" agreements. The Committee believes that the result of the exchange is consistent with the policy announced above and does not have a negative impact on the trade balance.

The provision restricts application of the program to refiners of 75,000 or less barrels per day. It is believed that this capacity is sufficient to insure the participation of larger numbers of domestic refiners without assisting the United States' largest oil corporations. The Committee believes these corporations are already successful in the foreign environment. The Committee is also aware of provisions affecting small businesses (refiners of 50,000 or less barrels per day). This provision is not intended to replace any existing programs and should be viewed as encouraging greater U.S. participation in overseas fuel procurement, not affecting the size or scope of existing programs.

CIVILIAN HEALTH AND MEDICAL PROGRAM OF THE UNIFORMED SERVICES [CHAMPUS]

CHAMPUS reform.—The Committee is supportive of the Department's efforts to date to develop a truly innovative approach (Project IMPRINT) to delivering necessary health care to CHAMPUS beneficiaries. The unprecedented CHAMPUS costs over the past year indicate that steps must be taken at a conceptual level. The Committee agrees with the Department that Project IMPRINT may ultimately prove to accomplish its stated mission and should be allowed to proceed. However, given the magnitude of the projected changes, the Committee is concerned that to date the Department has not had the necessary time, nor operational experience, required to work through solutions to a number of potentially significant problems.

The Committee is especially concerned that preliminary drafts of IMPRINT suggest that future contractors may not have sufficient management flexibility, or tools, to ensure that the Department is not faced with truly unprecedented demands for care. Similarly, the Committee is concerned that the potential contract be designed to ensure that contractors are, in fact, at economic risk. The Committee has recently become aware of the General Accounting Office's view that as presently proposed, this may not be the case. Given the far-reaching impact of the projected changes, the Committee directs the General Accounting Office to continue to monitor the Department's efforts in developing Project IMPRINT and to keep the Committee informed of its concerns.

The Committee also desires to be informed of the projected relationship between IMPRINT and the approximately 50 new primary care outpatient clinics [PRIMUS] which are projected to be opened by the various services within the next 5 years. Further, the Department has recently been granted authority to utilize medicare's purchasing power (that is, the diagnostic related groupings [DRG] system), as well as authority to collect from third party payers for care provided in military treatment facilities to CHAMPUS beneficiaries who possess private insurance coverage. The Committee wishes to be assured that these efforts to curtail escalating costs, which were recently determined by the Congress to be promising, are not ignored.

The Committee shares the opinion of the Senate Armed Services Committee that it may not be possible to adequately test out the various components of Project IMPRINT on a limited demonstration basis. In that regard, the Committee does not concur with House direction that the Department conduct a 2-year test of Project IMPRINT alternatives in two regions beginning June 30, 1987.

However, the Committee remains very concerned about the scope of the proposed modifications and concurs with House language directing a DOD study on the cost-benefit of implementing this program and further directing a report on the expenditures through fiscal year 1986 and fiscal years 1987 and 1988 planned expenditures, for costs associated with developing, designing, and implementing CHAMPUS IMPRINT.

CHAMPUS management and utilization.—The Committee remains very supportive of the Department continuing to give the highest priority to ensuring medical readiness. In order to accomplish this objective it is important that the Assistant Secretary for Health Affairs continue to take the lead in ensuring that a rational plan evolve across the three services and further that the utilization of CHAMPUS resources become viewed as an integral aspect of a departmental-wide approach. The Committee feels that the unprecedented CHAMPUS costs experienced this year reflect a significant lack of coordination, and probably an equal lack of cooperation, between the various elements of the Department's health programs. The Committee does not believe, for example, that the Gramm-Rudman-Hollings reductions were responsible for the magnitude of the CHAMPUS-eligible beneficiaries being referred to the private sector by military treatment facilities. Accordingly, the Committee directs the Office of Health Affairs to exert greater leadership in this area and intends to request the General Accounting Office to specifically review allegations of CHAMPUS dumping by the various military treatment facilities.

Residential treatment centers.—The Committee has been very pleased with the efforts that CHAMPUS has been making to ensure that beneficiaries of the Residential Treatment Center [RTC] Program are receiving quality mental health care. This program has been of considerable interest to the Committee for a number of years and although it has the potential for being truly cost-effective, there have been clearly documented incidences of abuse. The Committee urges CHAMPUS to continue to make a special effort to monitor the RTC Program and supports the present CHAMPUS effort to hold the individual RTC facilities accountable for ensuring that only medically or psychologically necessary care is provided and that it is of the highest quality possible.

Further, the Committee feels that CHAMPUS' effort to establish a national cap for RTC care is a reasonable approach to addressing the finding that the average cost of care per day can range from $40 to $500, with no apparent difference in the services being provided. The Committee notes that CHAMPUS has been enjoined from implementing its proposed new participation agreement and is concerned that preliminary evidence suggests that the various RTC's are using this period to establish significantly higher average charges, purely for purposes of eventually being able to submit higher charges to CHAMPUS, for essentially the same services. Accordingly, the Committee directs CHAMPUS to make every effort to ensure that the total cost for the RTC Program does not reach unrealistic proportions. If this is not accomplished, the Committee puts CHAMPUS on notice that next year it may direct that the RTC Program be discontinued.

Dependent dental care.—The Committee has included $18,000,000 to allow initiation of a dental insurance program for dependents of active duty military members in fiscal year 1987, as authorized. The Committee shares the concerns expressed in the Senate authorization report that this program remain within the structured guidelines. While the Committee believes that dependent dental insurance is a needed health care benefit, it will work closely with the Armed Services Committee to insure that the Government's share of the cost of this program will not exceed 60 percent of the total program costs and that annual funding does not exceed $105,000,000. The House also included $18,000,000 for this program, which is a reduction of $60,000,000 from the budget request, based on the projected delay in implementation until late in fiscal year 1987.

CHAMPUS/Medicare link and coordination of benefits.—The Committee recommends a reduction of $181,000,000 to reflect decreased requirements resulting from enactment of legislative proposals relating to the CHAMPUS/Medicare link and coordination of health care insurance benefits as part of the Deficit Reduction Amendments of 1985 (Public Law 99–272). The House reduction was $10,000,000, based on the coordination of health insurance benefits savings, leaving $171,000,000 available to fund any additional unbudgeted CHAMPUS requirements in fiscal year 1987.

"Military health care" account.—The House created a new "Military health care" account to include all funding for the Civilian Health and Medical Program of the Uniformed Services. The Committee understands and shares the concerns of the House with regard to continuing confusion and lack of coordination in the military health care budgets. However, it does not believe that the transfer of CHAMPUS funding from the "Operation and maintenance, Defense Agencies" account to a new account would have any significant positive impact without major program changes. Accordingly, the Committee does not agree with the establishment of a new account at this time.

OTHER MEDICAL PROGRAMS

Family Advocacy Program.—The Committee recommends fully funding the Department's Family Advocacy Program at the requested level of $15,261,000. The Committee position will insure that priority will continue to be given to the problem of child and spouse abuse in military families.

The Committee has concurred with the Department's recommendation that the Military Family Resource Center, which manages this program, be transferred from the Office of Health Affairs to the Office of Force Management and Personnel. However, the Committee does not believe it is appropriate to include funding for this type of activity within the budget of the Office of Economic Adjustment and directs that it be included as a separate program package in the fiscal year 1988 budget submission.

The Committee is also aware of the emotional stress that families with handicapped children can experience, particularly single parent families, and accordingly urges that special attention be given to this problem. For example, the Committee feels that timely access to respite care can be especially beneficial. The House did not address this program.

Nursing.—The Committee continues to be concerned that the Department is not properly utilizing its professional nursing expertise and particularly feels that it is inappropriate to require that there should be supervision of certified nurse-midwives, nurse practitioners, and nurse anesthetists by members of other professions. In last year's report the Committee requested the Department to develop a comprehensive plan for effectively utilizing nursing expertise, and to do so in consultation with leaders of nursing, both within the services and within the private sector.

The Committee was especially concerned about the adverse effects that DOD Directive 6025.2, DOD Nonphysician Health Care Providers, was having on the morale of military nurses. The Committee understands that the Department is in the process of modifying this directive and has been consulting the nursing leadership within the Department. The Committee is pleased with this development; however, the Committee still feels that DOD should also consult with representatives of organized nursing in the private sector as the Department does not appear to appreciate the advances that have been made within professional nursing during the past 5 years.

Mental health.—The Committee was very pleased with CHAMPUS' decision to conduct a comprehensive mental health demonstration project in the Tidewater, VA, area. Mental health expenditures in this area have historically been extremely high and the Committee is interested in learning the effect of establishing what is essentially a mental health-HMO. The Committee was especially pleased to learn that a partial hospitalization benefit will be an integral aspect of this project. The Committee requests that CHAMPUS provide interim reports on the cost-effectiveness of this project, at least every 6 months.

The Committee has also become aware of the interest of some of the States in initiating pilot child mental health demonstration projects for military dependents. The Committee is supportive of this approach and urges the Department to give serious consideration to such an initiative.

Psychology.—For a number of years the Committee has been concerned about the low morale among military psychologists. At the Committee's request the Assistant Secretary for Health Affairs had established a nonphysician health care provider task force which confirmed that significant problems existed, and further made a number of recommendations which unfortunately have not been implemented by the Department. The Committee is aware that the three services utilize the services of psychologists differently, and similarly provide them with varying degrees of professional autonomy. The Committee does not feel that such disparity is appropriate and urges the Assistant Secretary for Health Affairs to work closely with the Surgeons General to improve the morale of Department psychologists.

Further, the Committee specifically urges that consideration be given to a test establishing a separate department of psychology within a major military treatment facility which would not be administratively placed under psychiatry. This latter suggestion was originally made by the Office of Health Affairs in August 1978, but has not been implemented.

Aversion therapy.—The Committee understands that, at the request of CHAMPUS, the U.S. Public Health Service [USPHS] has recently initiated a study of the safety and efficacy of aversion therapy treatment for those afflicted with alcoholism. The Committee feels that it would be inappropriate to provide reimbursement for these services until the USPHS study has been completed and the Secretary certifies to the Congress the safety and efficacy of such treatment.

Marriage and family counselors.—The Committee is aware of the growing interest in the possibility of providing direct reimbursement to marriage and family counselors, independent of physician referral or supervision. The Committee understands that presently these practitioners are licensed (or certified) by 11 States and have been reimbursed by CHAMPUS for at least the past decade. Accordingly, the Committee now directs CHAMPUS to determine the prevalent practices of major public and private health insurance plans with respect to the independent recognition of marriage, family, child, or pastoral counselors and to report their findings to the Committees on Appropriations in a timely manner.

Drug and alcohol abuse.—The Committee agrees with House language directing the Department of Defense to include a single budget exhibit to detail each service's prior year, current year and budgeted year funding for drug and alcohol abuse, beginning with the fiscal year 1988 budget submission.

Smoking and health in the military.—The Committee is pleased to note action taken by the Secretary of Defense in March 1986, establishing an intense antismoking campaign in the Department of Defense in conjunction with an overall health promotion initiative. Concurrently, the Department issued a report requested by the Congress last year on smoking and health in the military. The report estimated that smoking-related costs to the military health care system totaled $209,900,000 in fiscal year 1984, which is a clear indication of the widespread ill effects of smoking on military members and on overall readiness. Further, the report confirmed that smoking rates are considerably higher among military personnel than among the overall civilian population.

However, the Secretary chose not to eliminate the present price differential for tobacco products in commissaries and exchanges, or prohibit the sale of these products in such military facilities. Rather, he recommended delaying consideration of pricing or marketing changes until after a reasonable period of time during which results of the impact of the new antismoking campaign could be compiled and reviewed.

The Committee concurs with the necessity of allowing adequate time for this aggressive antismoking initiative to take hold and produce results, and believes that a 1-year period should provide the Department with sufficient data upon which to make updated recommendations. Accordingly, the Committee requests that the Department provide an update of its March 1986 report, to include the Secretary of Defense's recommendations on pricing and sales restrictions, not later than June 1, 1987.

Deployable medical systems.—The Committee recommends a reduction of $5,000,000 for operation costs associated with the Deployable Medical Systems Program [DEPMEDS]. The House allowance reduced funding by $75,000,000.

The Committee recommendation is consistent with procurement reductions discussed in chapter III of this report. The Navy and Air Force have been unable to conclude host nation support agreements and obtain sufficient military construction funding to preposition DEPMEDS. The Committee recommendation defers one 500-bed DEPMED for both the Navy and the Air Force.

RECRUITING AND ADVERTISING

The Committee recommends a reduction of $59,400,000 in Active and Reserve component recruiting and advertising resources. This decrease includes $23,700,000 in savings identified by the Department of Defense pursuant to a recent study recommending a more efficient mix of advertising resources between the services and the joint recruiting and advertising program.

The fiscal year 1987 budget requests a 6.8-percent increase in the total recruiting and advertising program, while the overall personnel accession mission is programmed to increase by only 1 percent, even if requested end strength growth were approved. The Committee recommendation accommodates inflation and approximately one-half of the requested program growth.

The House reduction in recruiting and advertising activities is $75,010,000.

PROFESSIONAL DEVELOPMENT EDUCATION PROGRAMS

The fiscal year 1987 budget requests an 18-percent increase in professional development education programs over the fiscal year 1986 appropriated level. Considering the authorized reductions to both military and civilian personnel requests and the 30-percent increase in funding for this program since fiscal year 1984, the Committee does not believe this additional increase is warranted. Accordingly, the Committee recommends a reduction of $28,454,000, funding this program at last year's level. The House did not address this issue.

MILITARY PERSONNEL SUPPORT

The Committee recommends a reduction of $24,100,000 based on decreased operation and maintenance requirements resulting from adjustments to the fiscal year 1987 military personnel strength requests for the Active and Reserve components. The House recommended a reduction of $28,500,000 for military personnel support in the "Operation and maintenance" accounts.

INDIVIDUAL READY RESERVE MOBILIZATION TEST

The Committee recommends a transfer of $8,000,000 into the "Reserve operation and maintenance" accounts from the "Reserve military personnel" accounts, as requested by the Department of Defense, in support of the fiscal year 1987 Individual Ready Reserve mobilization test. The House denied all funding for this test, as discussed in the military personnel section of this report.

OPERATION AND MAINTENANCE, ARMY

1986 appropriation	$18,975,507,000
1986 adjusted	18,045,707,000
1987 budget estimate	21,341,870,000
House allowance	19,774,531,000
Committee recommendation	20,026,759,000

The Committee recommends an appropriation of $20,026,759,000. This is $1,315,111,000 below the budget estimate and $252,228,000 above the House allowance.

This appropriation provides for the activities of the active Army, including the pay of civilian personnel, operation and maintenance of aircraft, equipment and bases, training, direct care medical programs, and all associated activities.

SUMMARY OF COMMITTEE ADJUSTMENTS

Committee adjustments to the budget estimate, including those not specifically addressed in this report, are summarized in the following table:

[In thousands of dollars]

Program	House adjustments	Committee adjustments	Committee compared with House
Budget estimate	21,341,870	21,341,870	
Stock fund fuel refund	-185,700	-151,947	33,753
Army stock fund fuel/local purchases		-60,930	-60,930
Industrial fund refund	-155,100	-148,000	7,100
Inflation reestimate	-246,000	-135,100	110,900
DEPMEDS	-62,000		62,000
ADP management	-60,500		60,500
Civilian personnel/foreign national employees	-439,137	-106,066	333,071
Public affairs	-400	-1,233	-833
1984 stock fund accounting change	-90,000		90,000
Appropriated support of MWR	-65,097		65,097
Recruiting and advertising	-12,765	-24,900	-12,135
Equipment/force modernization	-15,000	-146,300	-131,300
Wartime host nation support	-2,300		2,300
Commissary transportation	-823		823
Contract advisory and assistance services	-10,000	-25,000	-15,000
Engineer support	-2,178		2,178
Base operations	-4,987	-43,000	-38,013
Remote education	-2,100		2,100
National Board for Rifle Practice—Trans-fer	-1,887	-1,887	
OB/GYN care	-1,036		1,036
Frozen blood program	-1,226		1,226
Over 40 Reserve exams	-2,000		2,000
Enhanced skill training	-2,424		2,424
Specialized training	-3,000		3,000
Reception center operational evaluation	-377		377
Recruit training	-517		517
One station unit training	-1,290		1,290
Classified programs	-7,595	-1,389	6,206
Military personnel	-100	-200	-100
Cap on USTF funding	-19,400		19,400
Coordination of health beneifts	-5,300		5,300
Health care enrollment	-2,700		2,700
6th Division support	-28,600		28,600
Flight training	-4,700		4,700
House authorization reductions	-131,100		131,100
Industrial fund productivity		-45,400	-45,400
ACP expenditures		-104,000	-104,000
Contracting out/A-76		-16,667	-16,667
Travel		-108,400	-108,400
RPMA/minor construction		-100,300	-100,300
Flying hours		-32,448	-32,448
Industrial preparedness		-7,055	-7,055
Commissary automation		-7,883	-7,883
Personnel administration		-2,409	-2,409
Professional development education		-6,597	-6,597
Command, control, communications		-8,000	-8,000
Supply operations		-28,000	-28,000
Administration		-2,000	-2,000
Total all adjustments	-1,567,339	-1,315,111	252,228
Recommended appropriation	19,774,531	20,026,759	252,228

COMMITTEE ADJUSTMENTS

Force modernization.—The Committee recommends $2,472,097,000, which is $146,300,000 below the budget request and $131,300,000 below the House allowance for costs associated with fielding and sustaining new Army weapons systems. The Army has consistently projected faster deliveries for new systems than have occurred. Based on a historical review of execution of modernization programs, the following reductions are recommended:

System	*Reduction*
Blackhawk helicopter	−$26,400,000
Bradley, fighting vehicle	−23,000,000
Tactical Army combat service support computer system	−18,000,000
MLRS	−13,700,000
Fire support team vehicle	−10,300,000
Remote target system	−9,900,000
High mobility multipurpose wheeled vehicle	−7,200,000
Tactical satellite communications system	−3,400,000
Multichannel radios	−3,200,000
EW direction finding system	−1,900,000
Ground laser locator	−900,000
Copperhead	−400,000
M60A3	−8,500,000
Sincgars	−19,500,000
Total	−146,300,000

Flying hours.—The Committee recommends a $32,448,000 reduction to the Army's 1987 flying hour request of $300,000,000.

The Army flying hour program is overbudgeted due to fielding delays, groundings, testing slips, and overestimated requirements. The Army recently requested reprogramming of flying hour funds as it is unable to use 135,000 hours funded last year. The Army's program still increased from 13.1 to 15 hours per crew per month in 1986. The budget request would add an additional 69,000 hours to increase to 18 hours per crew.

The Committee recommendation decreases the 1987 request of 1,539,000 hours by 135,000 hours. This level still allows for the 69,000-hour increase above actual 1986 flight hours and should provide proportionate increases in crew hours per month.

Industrial preparedness operations.—The Committee recommends a $7,055,000 reduction to the budget request of $148,096,000 for planning and maintenance of inactive ammunition plants. The Committee recommendation freezes these activities at the 1986 level.

Commissary automation.—The Committee recommends a reduction of $7,883,000 which eliminates the Commissary Automation Program. This program funds computer scanner upgrades for Army commissary checkout facilities. The Committee recommends that such upgrades should be funded from nonappropriated funds consistent with Air Force and Navy procedures.

Enhanced skill training.—The House reduced the Army's enhanced skill training request by $2,424,000, and prohibited continuation of the Cadet Skills Development Program in fiscal year 1987. The Committee believes this program for ROTC cadets who attend historically black colleges will have a positive impact on attrition rates from the Army's officer basic courses and, therefore, does not agree with the House position.

School of the Americas.—The Committee is aware of the exchange of correspondence between officials of the Department of State and the chairman and ranking member of the Appropriations Subcommittee on Foreign Operations in regard to funding general support costs for the U.S. Army School of the Americas [USARSA] from the International Military Education and Training [IMET] Program.

This funding mechanism was used during the time the School was located in Panama. From 1949 until 1977 when the School ceased operations in Panama under the provisions of the agreement implementing the 1977 Panama Canal Treaty, the School provided training to military students selected to attend the School by our Latin American allies. Since 1984, the School has continued this important mission at Fort Benning, GA. The Department of the Army has recently announced that Fort Benning will be the permanent home of the School.

The Committee supports this decision and, because the School will now be located at an installation in the United States, is prepared to support the use of funds from U.S. Army operation and maintenance accounts for payment of the School's general support costs. However, because the legislative and administrative changes necessary to accomplish this have not been concluded, the Committee understands the Subcommittee on Foreign Operations will recommend the continuation of funding these support costs through fiscal year 1987 from the IMET account. The Army would then assume responsibility for these costs in fiscal year 1988.

The Committee supports this agreement and is prepared to work with officials from the Department of State and Department of Defense, as well as with the appropriate committees of Congress, to secure any adjustments that are needed in order to proceed with this funding arrangement.

Small business MRE Program.—To increase the number of Defense Industrial Preparedness Program [IPP] assemblers for the Meals-Ready-To-Eat [MRE] Program, the Army encouraged businesses to bid on MRE contracts. IPP assemblers are those who have the capability to assemble cases of MRE's rapidly during wartime. There are currently four such IPP assemblers. Over the past 3 years, two small businesses have been brought into the MRE Program. After having brought the first small business into the MRE Program, a year later another small business was allowed in. After only one contract, the Defense Department has decided to reduce the number of assemblers from four to three. This will have the effect of forcing one of the two small businesses out of the program with a large loss of jobs and skills. The Committee directs the Department of Defense to award contracts for MRE VII to those industrial prepared assemblers currently in the program.

Operation and Maintenance, Navy

1986 appropriations	$24,477,071,000
1986 adjusted	23,277,695,000
1987 budget estimate	25,688,500,000
House allowance	22,993,227,000
Committee recommendation	23,156,226,000

The Committee recommends an appropriation of $23,156,226,000. This is $2,532,274,000 below the budget request and $162,999,000 above the House allowance.

This appropriation provides for the activities of the active Navy, including the pay of civilian personnel, operation and maintenance of aircraft, vessels, equipment and bases, training, direct care medical programs, and all associated activities.

SUMMARY OF COMMITTEE ADJUSTMENTS

Committee adjustments to the budget estimate, including those not specifically addressed in this report, are summarized in the following table:

[In thousands of dollars]

Program	House adjustments	Committee adjustments	Committee compared with House
Budget estimate	25,688,500	25,688,500	
Stock fund fuel refund	-889,700	-749,685	140,015
Navy stock fund fuel/local purchases		-118,474	-118,474
Industrial fund refund	-386,900	-688,000	-301,100
Inflation reestimate	-420,000	-230,600	189,400
DEPMEDS	-9,000	-3,000	6,000
Travel	-1,700		1,700
ADP management	-14,900		14,900
Appropriated support of MWR	-24,917		24,917
Average flying hours	-99,800		99,800
TACAIR flying hours	-50,000		50,000
Fleet training flying hours	-45,000		45,000
Recruiting and advertising	-17,165	-14,900	2,265
Ready Reserve fleet	-500	3,855	4,355
Overhaul advance planning	-56,100		56,100
Engineering support/logistics services		-56,100	-56,100
New ship deliveries	-1,500	-1,500	
Service craft maintenance	-1,234		1,234
Seastrat hardware	-2,100	-1,200	
Exercise airlift support	-449		449
Cruise missile engineering support	-5,000	-5,000	
Ship maintenance/Poseidon SSBN dismantling	-506,000	-481,440	24,551
Recruit training	-394		394
Naval Reserve Officer Training Corps	-250		250
Officer acquisition	-4,000		4,000
Specialized skill training	-538		538
Training/funding realingment	-16,400		16,400
Flight training	-1,395		1,395
Other personnel activities	-645		645
Civilian education program	-100		100
Offduty and voluntary education	-2,792		2,792
Relocatable OTHR	-2,738		2,738
Naval space surveillance system	-2,315		2,315

[In thousands of dollars]

Program	House adjustments	Committee adjustments	Committee compared with House
Classified programs	-11,991	-6,662	5,329
Civilian personnel	-63,050	-9,820	53,230
Military personnel	-11,300	-8,000	3,300
Medical programs	-18,500		18,500
Medical legislative contingencies	-3,100		3,100
House authorization reductions	-23,800		23,800
Industrial fund productivity		-85,600	-85,600
Contracting out/A-76		-16,667	-16,667
RPMA/minor construction		-44,600	-44,600
Coast Guard operations/TACLETS		100,000	100,000
School maintenance, Adak NAS		800	800
Prof. development education		-13,772	-13,772
Contractor advisory and assistance services		-25,000	-25,000
Base operations		-43,000	-43,000
Command, control, communications		-15,000	-15,000
Supply operations		-12,000	-12,000
Administration		-6,000	-6,000
Total adjustments	-2,695,273	-2,532,274	162,999
Recommended appropriation	22,993,227	23,156,226	162,999

COMMITTEE ADJUSTMENTS

Ship maintenance and modernization.—The budget request includes $6,367,600,000 for maintenance, repair, and modernization of Navy ships. The Committee recommends a reduction of $481,449,000, which is $24,551,000 above the House allowance.

Since submission of the 1987 budget, the administration has elected to dismantle two Poseidon missile submarines, the *Nathan Hale* and the *Nathaniel Green*. This decision eliminates the need for $256,000,000 requested for overhaul of these ships. The Committee's recommendation deletes $206,000,000, but retains $50,000,000 to perform more complete work packages on ships scheduled for short-term Selected Reserve availabilities [SRA] and phased maintenance availabilities [PMA]. This amount is intended to expand work packages of short-term SRA's/PMA's into longer-term availabilities or overhauls, thereby leading to improved ship maintenance and expanded competition.

The Committee's recommendation also assumes savings by slipping the overhaul of two attack submarines, SSN-675 and SSN-684, which were scheduled to begin overhaul on the last day of fiscal year 1987 and the AE-35 which was scheduled to begin an SRA 3 days before the end of the fiscal year. Moving the schedule of these three vessels into fiscal year 1988 defers $249,869,000. In addition, $25,080,000 is deleted by canceling the AGDS-2 overhaul since the vessel has been scheduled for transfer to the Military Sealift Command since the budget was submitted.

Poseidon submarine overhauls.—The Committee recommendation retains funds for overhaul of SSBN-617, *Alexander Hamilton*, and SSBN-620, *John Adams*. The House recommends deletion of $250,000,-

000 requested for overhaul of these two vessels and included a general provision that requires a reprogramming if other Defense funds are proposed to overhaul the vessels. The Committee disagrees with both the reduction and reprogramming provision. The House position seeks to bind the President to dismantle the submarines to stay within SALT II limits when another Trident ballistic missile submarine is commissioned in 1987. The Committee believes the President's decision on whether the next two SSBN's should be overhauled or dismantled should not be prejudged. During this critical period of arms negotiations with the Soviet Union, assumptions as to the disposition of overhaul for SSBN-617 and 620 are premature.

Public/private competition for ship maintenance.—The Committee recommends bill language to establish competition for ship maintenance as a standard policy. Two years ago, the Committee initiated a test program to compete overhauls between public and private shipyards. The test program has demonstrated that competition improves shipyard efficiency and has resulted in lower ship repair costs. The Committee is hopeful that such efficiencies from public/private competition can be expanded to Navy air rework facilities. Language permitting the Navy to begin public/private competition at these facilities is included in the bill.

Engineering support and logistics services.—The Committee recommends a reduction of $56,100,000 to engineering support and logistics services. The Navy's budget request reflects growth in engineering support funding across a number of programs. Given the overall reductions reflected in the Committee's allowance for ship maintenance and modernization, this reduction keeps the engineering services account in line with the overhaul program. The Navy has indicated that this reduction will not prevent them from accommodating their highest priority requirements with the remaining funds.

Coastal defense operations/drug interdiction.—The Committee recommends appropriations of $100,000,000 above the budget request for the U.S. Coast Guard in its operational support of defense missions. Of this amount, $15,000,000 is to be used for support of tactical law enforcement team personnel and related costs.

The Committee is disturbed at the administration's lack of commitment to combined Navy/Coast Guard drug interdiction efforts. The President's budget for the Coast Guard was submitted assuming a $15,000,000 reimbursement from the Navy for tactical law enforcement teams; however, the Navy budget does not provide for such payments. Although administration witnesses stated at a Committee hearing that the posting of Coast Guard law enforcement personnel aboard Navy vessels is fully supported, the budget proposes termination of the program. The Committee feels the uncontrolled shipment of illegal drugs into the United States is a national security threat. The Tactical Law Enforcement Program has proved to be a cost-effective way to use Navy assets to counter the problem. Accordingly, the Committee has added funds to continue the Tactical Law Enforcement Program and expects an increase in the number of Coast Guard personnel on Navy vessels in 1987.

National defense reserve fleet dredging.—The Committee recommends $3,855,000 for dredging in support of the national defense reserve fleet. This will initiate a multiyear program to provide adequate access to reserve fleet sites at James River, VA, and Beaumont, TX. Silting and inadequate maintenance dredging have degraded sealift readiness of fleet assets at these sites.

Naval Air Station, Adak, AK, schools.—The Committee recommends $800,000 for the repair of six modular school units at Adak Naval Air Station. The budget estimate and the House allowance do not provide for this program.

The Adak Naval Air Station schools face increased enrollment over the next several years as additional base housing is constructed. Currently there are two schools on base: an elementary school, built in 1982; and a high school, constructed in 1958. Ten modular school units were received in 1972 to provide additional temporary classrooms. Six of these units are still on site, but have not been used in several years. Consequently, the units are in urgent need of repairs and fail to meet minimum State health and safety standards. The $800,000 recommended by the Committee will bring these units up to minimum fire, health, and safety codes and enable accommodation of increased student enrollment beginning with the 1986–87 school year.

The Committee in its Report 99–368 to accompany the military construction appropriations bill for fiscal year 1987 directed the Department of Defense to report to the Committee on the situation at Adak and the need for a new school. The report has been completed and supports the need for a new school in addition to the repair work described earlier in this section. Based on the report, the Department of the Navy is directed to begin design immediately on a new school for Adak. The authority for the school is 10 U.S.C. 2008. The Committee directs further that the request for the school be included in the first available military construction budget request; however, design should proceed immediately to allow for review of the project during the fiscal year 1988 budget cycle.

New ship deliveries.—The Committee concurs with the House reduction of $1,500,000 for O&M associated with new ship deliveries. In 1987 the Navy has requested $29,700,000 to fund operating costs for 13 newly constructed ships. The General Accounting Office has reviewed the Navy schedule and determined that requirements have been overstated.

SEASTRAT hardware.—The Committee concurs with the House reduction of $2,10,000 for SEASTRAT hardware. The budget requests an increase of $5,500,000 for the SEASTRAT planning and analysis system. The Navy subsequently acknowledged that $2,100,000 was excess to 1987 requirements.

Cruise missile engineering support.—The Committee concurs with the House reduction of $5,000,000 for cruise missile engineering support. In both fiscal years 1985 and 1986, cruise missile funding requests were overstated. In fiscal year 1986, 19 refurbishments were funded by appropriations, but only 4 were performed and only 10 operational flight tests were performed when 23 were funded. The recommendation acknowledges this annual overestimate of program requirements.

Transfer of the Naval Arctic Research Laboratory.—The Committee is aware that the Navy has not cleaned up the environmental contamination on the lands associated with the Naval Arctic Research Laboratory [NARL]. Until such time as the seeping fuel and hazardous waste at NARL have been cleaned up, the facility should be maintained in a caretaker status by the Navy or an agent of the Navy. The Navy is directed to not transfer the facility until the fuel and hazardous waste problem has been rectified. The Navy also is directed to compensate the caretaker of the facility for the maintenance and care of NARL from August 1985 until such time as the facility is ultimately transferred, placed back into the Navy's care, or demolished.

Pacific island telecommunications assistance.—The Committee directs the Navy to make UHF frequency allocation available to the Pan-Pacific Educational and Communication Experiments by Satellite Program [PEACESAT] and further directs the Navy to make up to $1,000,000 available from within appropriated operation and maintenance funds to fund startup costs and the first year of operation of PEACESAT on a new satellite.

PEACESAT has provided crucial communications services to many islands in the southern Pacific basin, an area of great strategic importance to the United States. The PEACESAT network is an efficient and low-cost means of maintaining a high American profile and enhancing U.S. national security interests in the southern Pacific basin.

As a result of the decommissioning of a NASA satellite, PEACESAT has had to drastically scale back its operations. Efforts to secure new satellite capacity have run into conflict with a UHF frequency allocation to the Department of the Navy. In light of PEACESAT's contribution to U.S. national security, the Committee believes that PEACESAT should be able to use the Department of the Navy's UHF frequency allocation, subject to military needs.

OPERATION AND MAINTENANCE, MARINE CORPS

1986 appropriation	$1,612,050,000
1986 adjusted	1,533,060,000
1987 budget estimate	1,864,100,000
House allowance	1,793,338,000
Committee recommendation	1,783,360,000

The Committee recommends an appropriation of $1,783,360,000. This is $80,740,000 below the budget estimate and $9,978,000 below the House allowance.

This appropriation provides for the activities of the active Marine Corps, including the pay of civilian personnel, operation and maintenance of aircraft, equipment and bases, training, and all associated activities.

SUMMARY OF COMMITTEE ADJUSTMENTS

All Committee recommended adjustments to the budget estimate, including those not specifically addressed in this report, are summarized in the following table:

[In thousands of dollars]

Program	House adjustments	Committee adjustments	Committee compared with House
Budget estimate	1,864,100	1,864,100	
Stock fund fuel refund	-12,600	-9,839	2,761
Inflation reestimate	-24,000	-13,200	10,800
Travel	-2,800		2,800
Base operations	-2,000		2,000
Public affairs	-200		200
Appropriated fund support of MWR	-6,111		6,111
RPMA/minor construction		-42,150	-42,150
Recruiting and advertising	-8,851	-3,500	5,351
Military personnel	-1,800	-1,000	800
New construction equipment	-3,400		3,400
MPS contractor maintenance	-1,000	-1,000	
MPS BMC	-4,000	-4,000	
MPS training exercises	-4,000	-4,000	
Civilian personnel		-2,051	-2,051
Total adjustments	-70,762	-80,740	-9,978
Recommended appropriation	1,793,338	1,783,360	-9,978

COMMITTEE ADJUSTMENTS

Marine prepositioning ships.—The Committee concurs with the House reduction of $9,000,000 for several programs relating to Marine Corps prepositioned ships. The Committee agrees that contractor maintenance costs, biennial ship maintenance requirements and training exercise frequency and scope have been overestimated in the budget request.

OPERATION AND MAINTENANCE, AIR FORCE

1986 appropriation	$19,536,813,000
1986 adjusted	18,579,509,000
1987 budget estimate	21,214,500,000
House allowance	18,893,758,000
Committee recommendation	18,684,017,000

The Committee recommends an appropriation of $18,684,017,000. This is $2,530,483,000 below the budget estimate and $209,741,000 below the House allowance.

This appropriation provides for the activities of the active Air Force, including the pay of civilian personnel, operation and maintenance of aircraft, equipment and bases, training, direct care medical programs, and all associated activities.

SUMMARY OF COMMITTEE ADJUSTMENTS

Committee adjustments to the budget estimate, including those not specifically addressed in this report, are summarized in the following table:

[In thousands of dollars]

Program	House adjustments	Committee adjustments	Committee compared with House
Budget estimate	21,214,500	21,214,500	
Stock fund fuel refund	-1,254,300	-1,045,207	209,093
Air Force stock fund/local purchases		-159,093	-159,093
Industrial fund refund/passthrough	-189,000	12,000	201,000
Inflation reestimate	-280,000	-153,700	126,300
DEPMEDS	-4,000	-2,000	2,000
Travel		-78,800	-78,800
ADP management	-18,900		18,900
Appropriated support of MWR	-43,106		43,106
Average flying hours	-26,800		26,800
Civilian personnel/foreign national employees	-64,315	-106,341	-42,026
1984 stock fund accounting change	-15,000		15,000
Recruiting and advertising	-4,006	-3,100	906
Flight charges for DOD shuttle missions		-268,800	-268,800
Vandenberg AFB/other shuttle support	-140,000	-170,000	-30,000
Satellite early warning system	-5,500		5,500
AMRAAM ICS	-1,212		1,212
Procurement operations—Manpower	-3,184		3,184
OSA flying hours	-3,000		3,000
European distribution system		-2,100	-2,100
T-33 maintenance	-5,000		5,000
Titan missile	-2,000	-2,000	
Historian program	-3,316	-3,316	
SAC dorm upgrade	-2,058		2,058
Compass call	-1,867		1,867
Minuteman engineering	-2,097		2,097
Base operations	-10,000	-31,000	-21,000
Surveillance radars	-30,000		30,000
Space track support	-2,000		2,000
TR-1 program	-10,000	-10,000	
TAF management headquarters	-10,000		10,000
USAFE		-20,000	-20,000
CSOC	-3,000	-12,500	-9,500
REDCOM command post	-2,000	-2,000	
Tactical C^2 system	-3,000		3,000
Industrial preparedness personnel	-1,200		1,200
FTS charges (Recruiting)	-3,300		3,300
TAF base and command C^3	-2,898		2,898
Command, control, communications		-27,000	-27,000
F-4/F-16 flying hours	-11,740		11,740
B-52 flying hours	-6,400		6,400
KC-135 flying hours	-6,300	-6,300	
Recruit and specialized training	-50,085		50,085
Flight training	-13,500		13,500
Education and training-health care	-550		550
Training support activities	-1,247		1,247
Space training	-2,000		2,000
Air Force Institute of Technology	-1,849		1,849
Classified programs	-10,011	-19,774	-9,763
6594th test group	-7,000	-7,000	
Air Force technical support—Communications	-3,000		3,000

[In thousands of dollars]

Program	House adjustments	Committee adjustments	Committee compared with House
PLSS termination	-4,301	-18,100	-13,799
Military personnel	-900	-1,300	-400
Medical programs	-19,100		19,100
Medical legislation	-3,900		3,900
Modernization growth	-32,800		32,800
ACP expenditures		-37,000	-37,000
Industrial fund productivity		-108,900	-108,900
Contracting out /A-76		-16,667	-16,667
RPMA/minor construction		-171,600	-171,600
Depot contractor support		-20,000	-20,000
Hurricane recon. flights		8,500	8,500
Professional development education		-4,385	-4,385
Contractor advisory and assistance services		-25,000	-25,000
C-21 lease		-16,000	-16,000
Administration		-2,000	-2,000
Total adjustments	-2,320,742	-2,530,483	-209,741
Recommended appropriation	18,893,758	18,684,014	-209,741

COMMITTEE ADJUSTMENTS

Vandenberg Air Force Base shuttle/other shuttle support.—The Committee recommends a reduction of $170,000,000 from the budget for shuttle operations at Vandenberg Air Force Base and other Air Force shuttle support costs. The budget request includes $635,000,000 for these activities. The recommended reduction is $30,000,000 below the House allowance.

The Air Force constructed a shuttle orbiter processing and launch facility at Vandenberg Air Force Base, CA, for use of the space transportation system to launch satellites into polar orbits. Kennedy Space Center, FL, is used for launching the majority of satellites requiring geostationary and high inclination orbits. The Air Force deemed the Vandenberg site operational this year, but had anticipated few launches to be made from the west coast site until the early 1990's.

In light of the *Challenger* disaster and the decision to procure an expanded number of large and medium sized expendable launch vehicles, the Air Force decided in July 1986 to put the Vandenberg shuttle facility into an operational caretaker status from 1987 until 1992. This mode of operation will provide for the maintenance of a contractor work force of 1,200 scientific, engineering, and technical personnel, down from the current level of 2,500. This level of staffing allows for the site to be activated within 18 months of a decision to do so. The Air Force's current plan is based on activation in 1992 with the assumption that a fourth orbiter will be available and will enable west coast operations to begin. The title VI chapter of this report discusses the recommendation to fund the fourth orbiter.

In anticipation of 1991 delivery of the *Challenger* replacement, the Committee concurs in the plan to convert Vandenberg to an operational caretaker status.

Flight charges for DOD shuttle missions.—The Committee recommends a reduction of $268,800,000 budgeted for operation and maintenance, Air Force payments to NASA for space shuttle flights. The budget request represents a $181,800,000 increase, a level twice the 1986 appropriation. The House approved the budgeted amounts.

Shuttle flight charges are budgeted in several appropriations. The Committee's recommendation for all appropriations is $556,300,000 below the budget and $268,800,000 below the House allowance. The following chart displays a comparison of funding levels for all accounts:

FLIGHT CHARGE FUNDING LEVELS

[In millions of dollars]

Appropriation account	Budget	House allowance	Committee recommendation
Operation and maintenance, Air Force	268.8	268.8	
Missile procurement, Air Force	297.9	43.3	43.3
RDT&E, Air Force	32.9		
Total	599.6	312.1	43.3

Air Force flight charge payments to NASA are for hardware and related services associated with space shuttle flights. Payments are assessed based on the number of solid rocket boosters, external tanks, and orbiter repairs required for an estimated number of missions. The payments are made 1 year in advance at a per-flight cost determined under an existing memorandum of understanding [MOU] between the Air Force and NASA. The funds requested in 1987 are for launches in 1988 and the funds paid to NASA in 1986 were for planned flights in 1987. The Defense payments are for hardware, not staffing of NASA facilities or operations.

Since 1983 the Air Force has been paying NASA for many more flights than have been taken. The discrepency between flights paid compared to actual flights is displayed below. At present the Air Force has paid NASA for 10 missions that have not been taken and the 1987 budget is based on payments for an additional 8 missions that will likely not be used in 1988.

Appropriation year/flight year	Missions procured by DOD	Missions flown by NASA	Surplus procured by DOD
1983/84	2.0		2.0
1984/85	2.3	1	1.3
1985/86	5.1	1	4.1
1986/87	2.6		2.6
Total	12.0	2	10.0

Assured access to space is a national defense priority. Many critical national security requirements such as communications, reconnaissance, ballistic missile early warning, navigation, positioning, and meteorological and oceanographic data collection are all dependent on the Nation's ability to readily launch satellites. Even before the tragic loss of the *Challenger*, the Congress took action to assure access to space by funding the Complementary Expendable Launch Vehicle Program to provide launch capacity in addition to the STS orbiter fleet.

The Committee has consistently assumed leadership by ensuring that the Defense Department has sufficient space launch capability. While the administration debated how to recover from the *Challenger* accident in the spring of 1986, this Committee recommended offsets and, on a deficit neutral basis, proposed the National Space Recovery Program which was subsequently approved by Congress in the 1986 supplemental. The recovery program, a robust initiative of additional CELV's and medium launch vehicles, provided a first step in recovering from the *Challenger* accident by enabling the Defense Department to begin reducing the backlog of Defense payloads that need to be launched.

The administration has since noted that it wants to fund a replacement orbiter for the *Challenger*, and the Defense Department's launch schedule assumes that this orbiter will be available by 1992. However, the administration has not identified the means to finance the program without sacrificing many of NASA's R&D, space station, and other programs. The Committee again assumes leadership by restoring access to space, providing a replacement orbiter for the *Challenger*. This recommendation is discussed in title VI of this report.

The Committee does not, however, believe that it is efficient for the Defense Department to continue paying for space flight hardware far in excess of requirements. Even prior to the *Challenger* accident, the number of external tanks stored at Vandenberg Air Force Base alone would have been provided for planned launches through 1990.

The Committee is aware that changes in the shuttle program following the *Challenger* accident will require revisions to the existing flight charge agreement between the Air Force and NASA. The agencies are requested to submit a revised memorandum of understanding with the 1988 budget. This is also discussed in title VI of the report.

U.S. Air Force's, Europe.—The Committee recommends a $20,000,000 reduction in support for U.S. Air Force's, Europe. The budget includes $1,030,000,000 to support USAFE.

Senate Report 99–176 accompanying the fiscal year 1986 Defense appropriations bill expressed concern regarding the size of USAF military manpower and support in Europe. This Committee noted the large size of the Air Force's command structure in Europe compared with the Army and Navy. The Committee directed the European Command, in conjunction with Department of Defense inspector general, to perform a detailed comparison of the Army and Air Force manpower standards and funding requirements for the European theater, and the cost of base support. An interim report was to be provided to the Committee by August 1, 1986.

The Department of Defense and Air Force elected not to comply with the Committee direction and, instead, budgeted for restoration of last year's reduction. In the absence of further justification, the Committee concludes that the increase is unjustified. The Committee again directs that the requested study be submitted by February 1, 1987.

European distribution system.—The Committee recommends a reduction of $2,100,000 in support for the European distribution system. Although EDS was envisioned to be a logistics support transportation system, the Navy and Army have not evidenced a requirement for this Air Force program. As in the past, the Committee fails to understand the need to fly predetermined routes at scheduled intervals. Until requirements equating to airlift capacity clearly develop, the system should be operated on a demand basis.

Hurricane reconnaissance flights.—The Committee recommends $8,500,000 for flying hours, maintenance, and base operations in support of hurricane reconnaissance flights. The budget assumed that this funding would be provided by reimbursement from the National Oceanic and Atmospheric Administration [NOAA].

The Air Force currently flies all hurricane reconnaissance missions in the Pacific without reimbursement and in the Atlantic and Gulf of Mexico a portion of its missions are reimbursed by the NOAA. The only missions flown directly by NOAA are hurricane research missions flown by specially configured P-3 aircraft. In 1987 the President's budget assumed NOAA would reimburse DOD $8,500,000 for flights.

The Department of Defense maintains a weather program in excess of NOAA's National Weather Service due to immediate data requirements for defense operations. Given the recent failures and funding constraints in NOAA's geostationary weather satellite program, the Committee recommends shifting the funding for hurricane surveillance from a reimbursable payment to direct funding. The number of hurricane surveillance flights in 1987 made in support of the civil weather community should be no less than that made available under reimbursable funding in 1986, and these flights should be assigned on a priority basis as directed by the National Weather Service. The Committee also directs the Air Force to fund $3,000,000 in 1986 hurricane reconnaissance flight costs that were to be funded on a reimbursable basis by NOAA. These costs were not assumed in the fiscal year 1986 budget for NOAA.

Consolidated space operations center.—The Committee recommends a reduction of $12,500,000 from the budget estimate, a level $9,500,000 below the House allowance. With the reduced level of satellite operations in 1987, the Air Force does not require its full request for real growth above 1986 appropriations.

Precision location strike system [PLSS].—The Committee recommends a reduction of $18,100,000 from the budget estimate, a level $13,799,000 below the House allowance. The PLSS system has been canceled since submission of the budget.

6594th test group.—The Committee concurs with the House reduction of $7,000,000 from the budget estimate. Since submission of the budget the 6594th test group was disestablished.

KC-135 flying hours.—The Committee concurs with the House reduction of $6,300,000 by reducing 5,000 flying hours for KC-135 tanker aircraft.

Increased contractor support for depot maintenance.—The Committee recommends a reduction of $20,000,000 from the budget estimate of $206,667,000. The House allowance did not address this issue. The Air Force has provided little justification as to why contractor costs are increasing. The recommendation funds one-half the requested increase.

Historian program.—The Committee concurs in the House reduction of $3,316,000 in the Air Force historian program. The Air Force has more historians than any other service—10 times the number employed by the Navy—yet little justification to support such a vigorous program to record this comparatively recent military history.

Titan missile operations.—The Committee concurs with the House reduction of $2,000,000 for Titan missile operations. The Air Force plans to totally phase out the Titan missle force by the end of fiscal year 1987. Deactivation costs should be more than offset by elimination of ongoing operating requirements.

TR-1. program.—The Committee concurs with the House reduction of $10,000,000 for the TR-1 aircraft and associated programs. For the past 3 years the Air Force has spent an average of $15,000,000 less than appropriated to operate and maintain the TR-1 program.

REDCOM command post upgrade.—The Committee concurs with the House reduction of $2,000,000 for REDCOM communications. Funding for this program has tripled since fiscal year 1985. Additionally, the program has not been able to obligate all funds appropriated for operational support.

OPERATION AND MAINTENANCE, DEFENSE AGENCIES

1986 appropriation	$7,432,569,000
1986 adjusted	7,068,373,000
1987 budget estimate	8,573,700,000
House allowance	6,300,040,000
Committee recommendation	7,651,437,000

The Committee recommends an appropriation of $7,651,437,000. This is $922,263,000 below the budget estimate and $1,351,397,000 above the House allowance. The House allowance appears artificially low because it proposes a new appropriation account for health care programs. If the House allowance for Defense Agencies and military health care were combined, the Committee allowance would be $328,012,000 below the House.

This appropriation finances the operation and maintenance costs of the Office of the Secretary of Defense, the Office of the Joint Chiefs of Staff [JCS], eight Defense-wide agencies, and several field activities. Included are funds for American Forces Information Service, Civilian Health and Medical Program of the Uniformed Services [CHAMPUS], Tri-Service Medical Information System [TRIMIS], Dependents Education, Uniformed Services University of the Health Sciences [USUHS], and the Washington Headquarters Service.

SUMMARY OF COMMITTEE ADJUSTMENTS

Committee adjustments to the budget estimate, including those not specifically addressed in this report, are summarized in the following table:

[In thousands of dollars]

Program	House adjustments	Committee adjustments	Committee compared with House
Budget estimate	8,573,700	8,573,700	
Stock fund fuel refund	-1,523		1,523
Industrial fund refund	-20,000		20,000
Inflation reestimate	-86,000	-47,300	38,700
Travel	-10,400	-32,200	-21,800
Civilian personnel/foreign national employees	-36,150	-79,626	-43,476
USUHS	-3,176		3,176
Defense medical support activity	-1,500		1,500
Classified program	-112,948	7,437	120,385
Defense Mapping Agency—General reduction	-8,380		8,380
Defense Nuclear Agency—General reduction	-10,592		10,592
Defense Communications Agency	-37,315	-6,687	30,628
American Forces Information Service—General reduction	-6,918		6,918
Defense dependents education	-65,995		65,995
OSD—General reduction	-8,125		8,125
Defense Information Services—General reduction	-513		513
Defense technology security—General reduction	-1,570		1,570
WHS—General reduction	-15,728		15,728
Economic adjustment—General reduction	-3,470		3,470
Defense Legal Services Agency—General reduction	-500		500
JCS support	-26,937	-26,937	
Defense Contract Audit Agency	-28,220		28,220
Defense Logistics Agency training	-5,000		5,000
DLA storage aids	-10,000		10,000
DLA—General reduction	-13,000		13,000
Inspector general	-2,132		2,132
Recruiting and advertising	-13,065	-4,900	8,165
Appropriated support of MWR	-2,000		2,000
RPMA/minor construction	-2,000	-32,750	-30,750
Professional development education		-3,700	-3,700
CHAMPUS-Medicare link		-171,000	-171,000
Coordination of health insurance		-10,000	-10,000
Dental CHAMPUS	-61,094	-60,000	1,094
Contract advisory and assistance services		-25,000	-25,000
DLA—Transfer of supply operations		-400,000	-400,000
Industrial fund productivity		-29,600	-29,600
Total adjustments	-594,251	-922,263	-328,012
Recommended appropriation[1]	7,979,449	7,651,437	-328,012

[1] The House transferred the civilian health and medical program of the uniformed services [CHAMPUS] to a new appropriation account titled "Military health care." The Committee recommends retaining CHAMPUS programs in the "O&M, Defense Agencies" account. However, for comparison the funding for CHAMPUS is included for both the House allowance and Committee recommendation in the above table.

COMMITTEE ADJUSTMENTS

Department of Defense dependent schools.—The House recommended a reduction of $65,995,000 from the budget request for Department of Defense dependent schools. This reduction was based in part on the rationale that projected enrollment increases should be handled through the reprogramming process rather than included in the budget request. There was significant turmoil in the DODDS program in fiscal year 1986 resulting from uncertainty regarding approval of a pending reprogramming action, including a potential delay in beginning the 1986 school year. Accordingly, the Committee does not agree with the House reduction.

The Committee concurs with House language directing the Department to study the issue of advance funding for the DOD dependents education program.

Teacher aides.—The Committee agrees with House language directing that teacher aides for Department of Defense dependent schools in Europe not be included in any staffing ceilings. Further, the Committee believes that this initiative should be continued within available funding and that the utilization of teacher aides should not be restricted to overseas DOD schools.

Defense Logistics Agency: Transfer of supply operations.—The Committee recommends a reduction of $400,000,000 to the budget estimate reflecting the transfer of Defense Logistics Agency [DLA] supply operations from direct funding to the Defense Stock Fund. The House did not address this issue.

Approximately $800,000,000, one-half of the DLA budget, is associated directly with supply operations. DLA manages the Defense Stock Fund which is the financial vehicle for acquisition of supply items carried on a Defense-wide basis. As of the end of fiscal year 1985, DLA managed 2.5 million items or 56 percent of the all defense items stocked by the Department. Supply items are procured through the Defense Stock Fund, while DLA's overhead and personnel costs associated with managing and maintaining the supply system are funded through direct appropriations. Similar separation of supply operation financing exists for supply systems managed directly by the military services.

The current system of separating personnel and overhead costs has several disadvantages. First, the price charged to a military customer for a DLA managed item does not reflect total cost. The cost of overhead involved in maintaining the supply system is excluded and an artificially low price results. Moreover, DLA is obligated to manage supply items driven by external demands which leads to an ever expanding inventory with commensurate pressures for increased staffing and budget resources.

The Committee recommends that beginning on April 1, 1987, all DLA supply-related functions be financed from the Defense Stock Fund and that all supply item prices reflect the cost of these functions. The DLA is directed to adjust its prices and provide a refund to the service customers through the balance of fiscal year 1987. The Department of Defense fiscal year 1988 budget should be submitted with the adjusted rates reflected in the operating accounts. Finally, the Department is directed to ensure that DLA managed items are not transferred to the service supply systems that still separate overhead from their respective stock funds.

The Committee anticipates efficiencies and reduced costs will result from bringing prices and costs into line. This transfer will encourage purchases from the lowest cost alternative, increase competition, and should assure that resources required to operate the supply function are quickly adjusted to the level of demand. Assuming these results are yielded, the Department of Defense should evaluate the results of this experiment with the objective of transitioning all DOD supply systems to this financing methodology by fiscal year 1989.

Defense Communications Agency.—The Committee recommends a reduction of $6,686,504 for Defense Communications Agency [DCA] operation and maintenance costs. The House allowance reduced the budget request by $37,315,000. The 1987 request for DCA represented an increase of 22 percent above 1986 funding levels. The Committee directs that reductions not be made from the National Communications Systems, White House Communications Agency, and the Defense Mobilization Systems Planning Activity.

Compliance with Cargo Preference Act.—The Cargo Preference Act of 1904, 10 U.S.C. 2631, requires that all Defense Department cargo be sealifted only by U.S. Government-owned vessels or U.S. flag commercial vessels. With limited exceptions set forth in the Federal acquisition regulation, the requirements of the act must appear, and be enforced, in all Defense procurement contracts for supplies and construction.

It has come to the attention of the Committee that the Defense Logistics Agency, through the Defense Industrial Supply Center, has not been complying with the law by shipping Defense goods on foreign-flag vessels. Further, the Maritime Administration [MARAD] has increased its surveillance of the Defense Department's enforcement of the Cargo Preference Act and has determined that such enforcement has been insufficient.

The Committee considers DLA's violation of the Cargo Preference Act to be unacceptable. The Committee believes that contractors who failed in the past to comply with the act after receipt of notices should be dealt with appropriately under the civil and, if necessary, criminal law, including Public Law 99–145, section 931. The Committee reiterates that no appropriated funds may be used to pay for the shipping of cargo on foreign flag vessels

House general reductions.—The Committee does not concur with the House general reductions totaling $55,796,000 applied to the following Defense Agencies: Defense Mapping Agency; Defense Nuclear Agency; American Forces Information Service; Office of the Secretary of Defense; Defense Information Services Activity; Defense Technology Security Administration; Washington Headquarters Service; Office of Economic Adjustment; and the Defense Legal Service Agency. The Committee believes that these reductions would jeopardize a number of cost-effective programs such as enhancement of inspector general and contract audits as well as essential intelligence activities. The Committee does concur, however, with the House reduction of $26,937,000 for real growth in contractor support for the Office of the Joint Chiefs of Staff.

Community assistance planning.—The Committee recommends bill language clarifying that the Office of Economic Adjustment can make grants to communities for mitigation of operational impacts from encroachment.

The Office of Economic Adjustment currently provides grant and planning assistance to State, local, and regional governments to plan for adjustments caused by the establishment, realignment, or closure of military installations, or from the cancellation or termination of defense contracts. The budget requests $372,000 for such assistance.

The assistance of the Office of Economic Adjustment has been requested by many local governments to support the cooperative development of comprehensive land use plans dealing with the encroachment of development upon military installations. Uncontrolled land use development in many locations such as at El Toro, Marine Corps Air Station, CA, has impacted defense operations and led to unnecessary disputes with surrounding communities. Without cooperative planning, the Department will be faced in the future with either curtailing operations or purchasing real estate to buffer installations.

The Committee believes that cooperative military/community planning to prevent future encroachment impacts should be pursued. The recommended appropriation language permits the Office of Economic Adjustment to make grants for mitigating encroachment from within its budget request for normal grant assistance.

Defense Mapping Agency.—While the Committee has not renewed bill language restricting the contracting authority of the Defense Mapping Agency, the Committee believes that the Agency must evaluate contractors for professional mapping, charting, and geodetic services on the basis of demonstrated competence and qualifications. In following this direction the Agency should negotiate with the most qualified firm to determine the scope of work and a fee that is fair and reasonable to the Government. This clarifies these professional mapping, charting, and geodetic services as being among the architecture, engineering, and related services which are procured under the process outlined in 10 United States Code 2855, for military agencies, and 40 United States Code 541 et seq., for civilian agencies. The performance of surveying and mapping services should not be limited to registered or licensed architect and engineering firms, but should also include surveying and mapping professionals such as licensed surveyors, geodesists, and cartographers. Current law provides for fairness and equity in the distribution of contracts so interested firms, including small businesses, should have ample opportunity to compete.

Operation and Maintenance, Army Reserve

1986 appropriation	$780,100,000
1986 adjusted	741,875,000
1987 budget estimate	793,100,000
House allowance	769,298,000
Committee recommendation	771,385,000

The Committee recommends an appropriation of $771,385,000. This is $21,715,000 below the budget request and $2,087,000 above the House allowance.

This appropriation provides for the activities of the Army Reserve, including the pay of civilian personnel, operation and maintenance of facilities and aircraft, support of training activities, and all associated activities. The Committee recommendation funds real property maintenance at the request level. An increase in civilian personnel was not requested.

SUMMARY OF COMMITTEE ADJUSTMENTS

Committee adjustments to the budget estimate, including those not specifically addressed in this report, are summarized in the following table:

[In thousands of dollars]

Program	House adjustments	Committee adjustments	Committee compared with House
Budget estimate	793,100	793,100	
Stock fund fuel refund	-7,500	-6,057	1,443
Inflation reestimate	-8,000	-5,250	2,750
Travel	-4,700	-9,000	-4,300
Average flying hours	-1,200		1,200
Training related to AGR full-time manning	-1,436		1,436
Recruiting and advertising	-8,508	-2,100	6,408
AGR force professional training	-650		650
CAMIS	10,000		-10,000
Realignment of IRR mobilization test		6,000	6,000
National Board for Rifle Practice—Transfer	-8	-8	
Military personnel	-1,800	-5,300	-3,500
Total adjustments	-23,802	-21,715	2,087
Recommended appropriation	769,298	771,385	2,087

Operation and Maintenance, Navy Reserve

1986 appropriation	$894,950,000
1986 adjusted	851,097,000
1987 budget estimate	975,900,000
House allowance	869,847,000
Committee recommendation	887,400,000

The Committee recommends an appropriation of $887,400,000. This is $88,500,000 below the budget request and $17,553,000 above the House allowance.

This appropriation provides for the activities of the Navy Reserve, including the pay of civilian personnel, operation and maintenance of facilities and aircraft, support of training activities, and all associated activities. Costs of operating the Marine Reserve Air Wing are also included. The Committee's recommendation provides for one-third of the civilian personnel increase requested and funds real property maintenance at the requested level.

SUMMARY OF COMMITTEE ADJUSTMENTS

All Committee adjustments recommended, including those not specifically addressed in this report, are summarized in the following table:

[In thousands of dollars]

Program	House adjustments	Committee adjustments	Committee compared with House
Budget estimate	975,900	975,900	
Stock fund fuel refund	-63,900	-52,417	11,483
Inflation reestimate	-12,000	-6,250	5,750
Travel	-600	-23,000	-22,400
Average flying hours	-2,100		2,100
Base operations—Other support	-2,272		2,272
Reserve management headquarters—Other support	-456		456
Average steaming hours	-11,900		11,900
Military personnel	-5,000	-2,700	2,300
Recruiting and advertising	-7,825	-4,100	3,725
Realignment of IRR mobilization test		500	500
Authorization adjustment		-230	-230
Civilian personnel		-303	-303
Total adjustments	-106,053	-88,500	17,553
Recommended appropriation	869,847	887,400	17,553

OPERATION AND MAINTENANCE, MARINE CORPS RESERVE

1986 appropriation	$57,200,000
1986 adjusted	54,399,000
1987 budget estimate	65,300,000
House allowance	63,218,000
Committee recommendation	62,800,000

The Committee recommends an appropriation of $62,800,000. This is $2,500,000 below the budget request and $418,000 below the House allowance.

This appropriation provides for the activities and training of the units of the selected reserve of the Marine Corps, including the pay of civilian personnel and all associated activities.

The Committee recommendation provides for one-third of the civilian personnel increase requested and funds real property maintenance at the requested level.

SUMMARY OF COMMITTEE ADJUSTMENTS

All Committee adjustments recommended, including those not specifically addressed in this report, are summarized in the following table:

[In thousands of dollars]

Program	House adjustments	Committee adjustments	Committee compared with House
Budget estimate	65,300	65,300	
Stock fund fuel refund	-700	-1,809	-1,109
Inflation reestimate		-500	-500
Civilian personnel		-591	-591
Military personnel	-300		300
Miscellaneous program increases	-1,082		1,082
Recruiting and advertising		-100	-100
Realignment of IRR mobilization test		500	500
Total adjustments	-2,082	-2,500	-418
Recommended appropriation	63,218	62,800	-418

OPERATION AND MAINTENANCE, AIR FORCE RESERVE

1986 appropriation	$902,700,000
1986 adjusted	858,495,000
1987 budget estimate	975,600,000
House allowance	922,100,000
Committee recommendation	887,100,000

The Committee recommends an appropriation of $887,100,000. This is $88,500,000 above the budget request and $35,000,000 below the House allowance.

This appropriation provides for the activities of the Air Force Reserve, including the pay of civilian personnel, operation and maintenance of facilities and aircraft, support of training activities, and all associated activities.

The Committee recommendation provides for one-third of the civilian personnel increase requested and funds real property maintenance at the requested level.

SUMMARY OF COMMITTEE ADJUSTMENTS

All Committee recommended adjustments to the budget estimate, including those not specifically addressed in this report, are summarized in the following table:

[In thousands of dollars]

Program	House adjustments	Committee adjustments	Committee compared with House
Budget estimate	975,600	975,600	
Stock fund fuel refund	-60,500	-77,474	-16,974
Inflation reestimate	-4,000	-6,250	-2,250
Realignment of IRR mobilization test		1,000	1,000
Civilian personnel		-4,376	-4,376
Recruiting and advertising		-600	-600
Travel		-800	-800
Install drug interdiction radar/tanker mods	11,000		-11,000
Total adjustments	-53,500	-88,500	-35,000
Recommended appropriation	922,100	887,100	-35,000

OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD

1986 appropriation	$1,652,800,000
1986 adjusted	1,573,137,000
1987 budget estimate	1,786,900,000
House allowance	1,734,696,000
Committee recommendation	1,714,800,000

The Committee recommends an appropriation of $1,714,800,000. This is $72,100,000 below the budget request and $19,896,000 below the House allowance.

This appropriation provides for the activities and training of the Army National Guard, including the pay of civilian personnel, operation and maintenance of facilities and aircraft, support of training activities, and all associated activities.

The Committee recommendation provides for one-third of the civilian personnel increase requested and funds real property maintenance at the requested level.

SUMMARY OF COMMITTEE ADJUSTMENTS

Committee adjustments to the budget estimates, including those not specifically addressed in this report, are summarized as follows:

[In thousands of dollars]

Program	House adjustments	Committee adjustments	Committee compared with House
Budget estimate	1,786,900	1,786,900	
Stock fund fuel refund	-27,800	-49,568	-21,768
Inflation reestimate	-16,000	-11,500	4,500
Environmental projects		600	600
Civilian personnel		-4,632	-4,632
Recruiting and advertising	-2,825	-1,100	1,725
Travel	-2,200		2,200
Training support	-1,879		1,879
Military personnel	-6,000	-3,900	2,100
STAMMIS	-17,500		17,500
CAMIS	10,000		-10,000
Drug interdiction support	12,000		-12,000
Authorization adjustment		-2,000	-2,000
Total adjustments	-52,204	-72,100	-19,896
Recommended appropriation	1,734,696	1,714,800	-19,896

COMMITTEE ADJUSTMENTS

Environmental projects.—The Committee recommends $600,000 for the continuation of the National Guard's environmental program. The recommendation is $600,000 above the budget and the House allowance. The environmental program provides for engineering projects coordinated with States and other Federal agencies at national or State parks and forests. The projects must enhance military related training and not compete with projects that would otherwise be performed by private concerns. The Committee recommendation provides for expansion of this program to Guard units in Utah and Mississippi. The Army National Guard is directed to begin budgeting for this program in fiscal year 1988.

OPERATION AND MAINTENANCE, AIR NATIONAL GUARD

1986 appropriation	$1,806,200,000
1986 adjusted	1,717,698,000
1987 budget estimate	1,932,700,000
House allowance	1,790,384,000
Committee recommendation	1,727,900,000

The Committee recommends an appropriation of $1,727,900,000. This is $204,800,000 below the budget request and $62,484,000 below the House allowance.

This appropriation provides for the activities of the Air National Guard, including the pay of civilian personnel, operation and maintenance of facilities and aircraft, support of training activities, and all associated activities.

The Committee recommendation provides for one-third of the civilian personnel increase requested and funds real property maintenance at the requested level.

SUMMARY OF COMMITTEE ADJUSTMENTS

Committee adjustments to the budget estimate, including those not specifically addressed in this report, are summarized as follows:

[In thousands of dollars]

Program	House adjustments	Committee adjustments	Committee compared with House
Budget estimate	1,932,700	1,932,700	
Stock fund fuel refund	-160,900	-185,659	-24,759
Inflation reestimate	-10,000	-12,500	-2,500
Military personnel	-1,300	-1,700	-400
Civilian personnel	12,284	-2,641	-14,925
Recruiting and advertising		-100	-100
Travel		-1,300	-1,300
Drug interdiction support	9,000		-9,000
Install drug interdiction radar mods	3,600		-3,600
T-33 maintenance	5,000		-5,000
Authorization adjustment		-900	-900
Total adjustments	-142,316	-204,800	-62,484
Recommended appropriation	1,790,384	1,727,900	-62,484

NATIONAL BOARD FOR THE PROMOTION OF RIFLE PRACTICE, ARMY

1986 appropriation	$920,000
1986 adjusted	875,000
1987 budget estimate	930,000
House allowance	4,316,000
Committee recommendation	4,316,000

The Committee recommends an appropriation of $4,316,000 for the National Board for the Promotion of Rifle Practice, the same level provided for in the House allowance. Although this is an increase of $3,386,000 above the budget request in this account, corresponding decreases have been made in other Army accounts.

The Committee's recommendation is consistent with a recent opinion issued by the General Counsel of the Army who determined that support for the Civilian Marksmanship Program should be charged to the National Board and should not be provided by other Army appropriation accounts. The budget submission proposed providing $930,000 in direct appropriations to the National Board and support of approximately $3,000,000 from other Army accounts for pay and allowances, travel and transportation, and ammunition. Instead these budgeted funds have been consolidated in this account as directed in Public Law 99-349, the Supplemental Appropriations Act for fiscal year 1986.

CLAIMS, DEFENSE

1986 appropriation	$143,300,000
1986 adjusted	143,300,000
1987 budget estimate	155,600,000
House allowance	144,400,000
Committee recommendation	144,400,000

The Committee recommends an appropriation of $144,400,000 for claims. The recommendation is consistent with the House allowance, but represents a reduction of $11,200,000 from the budget request. Annually the budget request has exceeded actual requirements.

Claims, Checotah, OK.—The Committee also agrees to bill language offered by the House which clarifies that bonafide claims should be paid arising from the explosion of Army munitions near Checotah, OK, on August 4, 1985.

In Public Law 99–349, the Supplemental Appropriations Act for Fiscal Year 1986, the Congress provided $5,000,000 to the Department of Defense to pay legitimate property claims arising from the explosion of Army munitions. The Committee has learned that these claims are not being paid because the Army is concerned that paying such claims might be construed as an admission of liability for the accident. The Committee, therefore, concurs in the House language to clarify that in paying claims, neither the Army, Department of Defense, nor the U.S. Government accepts liability for the damages. Rather, the Army and the Department of Defense should reimburse legitimate property expenses of innocent victims of this accident until such time as the liable party or parties are determined. The U.S. Army Claims Service should begin processing and paying legitimate property claims for this accident as provided for in Public Law 99–349, and amended in this bill.

Claims, Norfolk steamplant.—The Committee recommends bill language to authorize and direct the Secretary of the Navy to reimburse a firm for losses incurred in the construction of the Norfolk Navy steamplant. This plant is the only military plant of its kind and demonstrates the highest level of environmentally sound industrial production while making the Norfolk Navy Shipyard energy self-sufficient. It provides gratuitous refuse disposal for six cities and two counties in the Norfolk area. The unique requirements, complexity, and nonstandard construction resulted in a loss to the contractor. The bill language permits reimbursements of losses incurred in design and construction of this unique facility.

COURT OF MILITARY APPEALS

1986 appropriation	$3,200,000
1986 adjusted	3,043,000
1987 budget estimate	3,400,000
House allowance	3,200,000
Committee recommendation	3,200,000

The Committee recommends an appropriation of $3,200,000, the same as the budget request and the House allowance

This appropriation provides for the salaries of the three judges, officers and employees, and other necessary expenses of the Court. The Court, which is established pursuant to the Uniform Code of Military Justice, serves as the appellate court of last resort for the more serious court-martial convictions of military personnel.

TENTH INTERNATIONAL PAN AMERICAN GAMES

1986 appropriation	$10,000,000
1986 adjusted	9,510,000
1987 budget estimate	15,000,000
House allowance	15,000,000
Committee recommendation	15,000,000

The Committee recommends an appropriation of $15,000,000, the same as the budget request and the House allowance. This appropriation provides support for the 10th International Pan American Games.

ENVIRONMENTAL RESTORATION, DEFENSE

1986 appropriation	$379,100,000
1986 adjusted	360,524,000
1987 budget estimate	385,900,000
House allowance	346,100,000
Committee recommendation	385,900,000

The Committee recommends $385,900,000, the amount requested by the budget estimate, for environmental restoration, defense. The Committee recommendation is $39,800,000 above the House allowance.

The "Environmental restoration" account, created in 1984 by the Congress, allows the Defense Department to comply with the provisions of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Superfund legislation, which requires the Defense Department and other Federal agencies to take responsibility for environmental remedial action at Federal facilities.

House reductions.—The House reduced the Environmental Restoration Program request based on the assumptions that program growth had been extensive and that the program has evidenced poor obligation rates.

The Committee notes that the Environmental Restoration Program is a unique operation and maintenance account and that the outlay rates assumed by the Congressional Budget Office [CBO] recognize that the program has slow obligation and outlay rates. CBO assigns a 4-year expenditure rate with only 30 percent expended in the first year. Further, part of the delay in obligations for 1986 was caused by disagreements within Congress over authorization and appropriation issues—$50,000,000 was withheld from the program until July 1986.

The House allowance, moreover, fails to recognize that cleaning up contamination from hazardous substances and wastes on both active and formerly used DOD lands is a national priority. The Committee is concerned that funding at the requested level may not be sufficient to meet the scope of the environmental restoration problem. The Environmental Restoration Program was created to begin remedial actions to clean up contamination resulting from years of past practices at defense installations. The Defense Department has estimated that the full cost of cleaning up these former sites could cost as much as $10,000,000,000 over several years.

Specifically in 1987, the House reduction would require the delay of planned activities at 54 hazardous waste sites such as Jacksonville Air National Guard Base, FL; Letterkenney Army Depot, PA; Bangor Naval Submarine Base, WA; Twin Cities Army Ammunition Plant, MN; Rocky Mountain Arsenal, CO; and Charleston Naval Shipyard, SC. The Committee believes it is important that these cleanup activities proceed on schedule and urges the Department to continue its priority emphasis of the program.

Environmental Policy staff.—The Department of Defense has made significant progress in cleaning up hazardous waste left unchecked from the past. The Committee is pleased that the Secretary recently appointed a Deputy Assistant Secretary of Defense for Environment and complied with last year's Committee direction that current hazardous waste disposal be funded within the service budget submissions. The Committee remains concerned, however, that sufficient resources have not been allocated to the Office of the Deputy Assistant Secretary for Environment as was directed by the Committee in last year's report. Evolving regulatory requirements necessitate augmentation of the Environmental Policy staff if the Department is to move forward in addressing environmental restoration needs. Accordingly, the Committee directs that at least five positions be reallocated to the Environmental Policy Office from within the work-year ceilings for Defense Agencies contained in this bill.

Environmental cleanup, Eau Clair, WI.—The Committee is aware of an ongoing site characterization being conducted by the Department of the Army regarding contamination associated with the National Presto munitions facility in Eau Clair, WI. The Committee believes that there may be a shared responsibility for the creation of this site and subsequent cleanup that is necessary. The Committee, however, is reluctant to assign liability for cleaning up this facility until a site characterization has been completed, and until the management and contract documents relating to the operation of this facility are reviewed. The Committee does intend that if there is demonstration of responsibility that the Federal Government shall fully carry its portion of that responsibility.

AFGHANISTAN AID

1986 appropriation	[1] $10,000,000
1987 budget estimate	
House allowance	6,000,000
(Reappropriation)	7,000,000
Committee recommendation	10,000,000
(Reappropriation)	7,000,000

[1] In 1986 funds were appropriated in operation and maintenance, Air Force.

The Committee recommends an appropriation of $10,000,000 and reappropriation of $7,000,000. This is $17,000,000 above the budget request and $4,000,000 above the House allowance.

This appropriation provides for the transportation of excess Department of Defense nonlethal supplies for humanitarian assistance to the Afghan refugees.

The Committee recommends bill language to extend until September 30, 1987, the availability of $7,000,000 of funds appropriated in fiscal year 1986 for transportation of humanitarian relief for Afghan refugees. The Department has been unable to obligate more than $3,000,000 of the funds appropriated for assistance in 1986. In addition, $10,000,000 in new funding is provided for 1987.

TITLE III

PROCUREMENT

APPROPRIATION SUMMARY

The Committee recommends $84,897,136,000 for Department of Defense procurement programs in fiscal year 1987. This is a decrease of $10,759,564,000 below the budget request, $7,710,845,000 below the adjusted fiscal year 1986 appropriations, and $5,441,606,000 above the allowance recommended by the House. This amount provides no real growth in fiscal year 1987 for defense procurement for the first time in the last several years. In contrast to other titles of the bill, there is an 11-percent decrease in real purchasing power. Recommended allowances are tabulated below and explained in subsequent sections:

[In thousands of dollars]

	Fiscal year 1986 enacted	Fiscal year 1986 adjusted	Fiscal year 1987 request	House allowance	Committee recommendation
Aircraft procurement, Army	3,524,200	3,351,514	3,264,700	2,798,050	2,892,150
(Account transfers)				(19,100)	
Missile procurement, Army	2,904,332	2,762,020	2,438,200	2,003,300	2,183,300
(Account transfers)				(58,200)	
Procurement of weapons and tracked combat vehicles, Army	4,684,800	4,455,245	4,452,600	3,828,000	3,759,850
(Account transfers)				(8,500)	
Procurement of ammunition, Army	2,497,200	2,374,837	2,254,000	2,068,988	2,229,700
(Account transfers)				(39,562)	
Other procurement, Army	5,275,556	5,018,700	6,169,000	4,641,811	5,286,825
(Account transfers)				(251,000)	
Aircraft procurement, Navy	11,175,678	10,628,070	11,304,300	9,039,452	9,970,750
(Account transfers)				(155,574)	
Weapons procurement, Navy	5,227,795	4,971,638	6,095,400	5,047,440	5,270,262
(Account transfers)				(160,667)	
Shipbuilding and conversion, Navy	10,840,400	10,350,341	11,046,200	9,213,100	9,714,539
(Account transfers)				(902,600)	(584,500)
Other procurement, Navy	6,377,630	6,081,631	6,538,800	5,492,515	5,988,429
(Account transfers)				(95,413)	
Coastal defense augmentation	235,000	223,485			200,000

[In thousands of dollars]

	Fiscal year 1986 enacted	Fiscal year 1986 adjusted	Fiscal year 1987 request	House allowance	Committee recommendation
Procurement, Marine Corps	1,660,766	1,579,388	1,565,000	1,444,896	1,451,599
(Account transfers)				(26,500)	
Aircraft procurement, Air Force	23,255,424	22,115,908	19,127,400	16,202,251	16,815,050
(Account transfers)				(606,300)	
Missile procurement, Air Force	8,312,442	7,905,132	8,982,400	6,725,777	7,722,245
(Account transfers)				(117,900)	
Other procurement, Air Force	8,571,383	8,152,382	10,900,300	8,654,521	9,468,700
(Account transfers)				(78,711)	
Procurement, defense agencies	1,302,740	1,238,906	1,488,400	1,503,361	1,485,487
Defense Production Act purchases	31,000	29,481	30,000	40,000	5,000
National Guard and Reserve equipment	1,501,800	1,469,538		752,068	453,250
NATO Cooperative Defense Programs	15,000	14,265			
Total, title III, procurement: New budget (obligational) authority	97,393,146	92,722,481	95,656,700	79,455,530	84,897,136
(Total transfers)				(2,520,027)	(584,500)

HIGHLIGHTS

The Committee recommends $84,897,136,000 in new budget authority for procurement to continue equipment modernization of the Armed Forces. This is $10,759,564,000 below the budget.

PROCUREMENT PRACTICES

The Committee is concerned about a number of procurement issues which coincide this year: restoring public confidence in defense procurement, outlay savings, progress payments, and profit policy. Paramount among these is achieving outlay savings without which the total available for procurement would have to be reduced even further. Section 9101 of the bill incorporates a series of provisions to achieve the following objectives.

RESTORING PUBLIC CONFIDENCE

The Department's response to restoring confidence and achieving discipline and control over the process is to make the process self-policing through the use of competition. The Department proudly cites numbers which indicate increasing amounts of competed DOD programs. To the extent that price competition has been achieved, the results are encouraging.

However, some $55,000,000,000 to $80,000,000,000 of contracts are not competed, being awarded subject to price negotiation using weighted guidelines. Roughly one-third to one-half of DOD procurements are handled in this manner. In large measure, these sole source contracts result from one-time competition for sizable procurements like fighter aircraft.

The Committee believes that central to restoring public confidence in defense procurement is establishing effective and fair weighted guidelines for these noncompetitive awards. The Committee believes that this should be at least as effective in restoring confidence as extensively auditing and uncovering after-the-fact procurement errors in these noncompetitive areas.

PROFITABILITY AND INVESTMENT BACKGROUND

The Committee cites the following findings from the recent GAO assessment of DOD's Defense Financial and Investment Review [DFAIR] as background for its recommendations.

DFAIR concluded that profits on defense business were very similar to those of commercial manufacturers except during 1980–83. GAO's analysis of the DFAIR data showed that defense contractors were 35 percent more profitable than commercial manufacturers during 1970–79 and 120 percent more profitable during 1980–83. In addition, GAO's analysis of publically available data indicates that defense business was substantially more profitable than comparable nondefense firms during the period 1975–83.

DFAIR concluded that the defense sector has become more capitalized in the last 9 years. GAO analysis shows that defense contractor investment has increased over the time period 1975–83. However, when growth in investment is compared to sales growth, defense contractors' rate of growth of investment lagged substantially behind the rate for nondefense firms. GAO's finding is consistent with the finding of the Logistics Management Institute—a consultant to DOD on the DFAIR report.

COMMITTEE RECOMMENDED POLICY

The Department's Defense Financial and Investment Review [DFAIR] found that the markup or profit objective has been between 0.5 and 1 percent more than intended recently. The Department responded by moving to replace the current guidelines contained in Defense Procurement Circular 76–23 effective January 1, 1987, to reduce profit objectives. GAO found the same situation, yet cited a larger percentage excess applied to a broader range of contracts than the DFAIR conclusions.

In anticipation of this change, the Committee has included a general provision which stipulates that henceforth contracts awarded on a basis other than price competition must have new profit objectives emphasizing two factors: facility capital employed and contractor risk rather than specific elements of contract cost. These contract costs include material, labor, overhead, and G&A costs, as generally used in the DFAIR study. This is consistent with the general intent of DFAIR to encourage contractor investment but goes farther in the concept than DFAIR. The Committee does agree on the continued use of CAS 414 cost of money adjustment but does not agree with the DFAIR recommenation to have an explicit linking of profit with working capital. This position parallels the recent GAO review of the DFAIR recommendations.

In stating its preference for cost reducing investment and risk as prime profit factors, the Committee acknowledges that there will be special situations were this general prescription does not fit well. For example, the general category of studies, analysis, concept development, and support contracts will require the use of a special factor in profit determination. In applying this special factor, the Committee believes that the total profit objectives for contracts requiring little corporate investment and risk taking must be categorically and significantly lower than the profit objective for contracts requiring corporate investment and risk taking. Otherwise, there is no effective differentiation and reward for desired corporate behavior.

Until these new procedures are available, the Committee provision directs the use of an earlier set of procedures, Defense Procurement Circular 76–3, as advocated by the GAO and the Senate Government Affairs Committee. The Committee fully expects implementation of these procedures within 6 months of enactment of appropriations for defense.

The Committee believes this major shift in emphasis will focus corporate profit and will reward investment to reduce defense costs.

PROFIT POLICY FUNDING ADJUSTMENT

Since the 1987 budget submission was priced on the assumption that the current Defense Procurement Circular 76–23 would be in effect, use of a different policy that reduces the profit markup or objective between 0.5 and 1 percent will reduce program costs. The Defense Department estimated that the potential reduction would be at least $350,000,000. In anticipation of these lower profit objectives and costs, the Committee recommends the following procurement budget reductions.

Account	*Adjustment*
Aircraft, Army	$12,250,000
Missiles, Army	9,100,000
Weapons and tracked combat vehicles, Army	15,750,000
Ammunition, Army	9,450,000
Other, Army	22,400,000
Aircraft, Navy	42,000,000
Weapons, Navy	22,400,000
Shipbuilding, Navy	35,350,000
Other, Navy	25,200,000
Marine Corps	6,300,000
Aircraft, Air Force	70,700,000
Missiles, Air Force	32,200,000
Other, Air Force	39,900,000
Defense agencies	5,950,000
Guard and Reserve	1,050,000
Total	350,000,000

A reduction of $170,000,000 is also reflected in the R&D sections of the report.

PROGRESS PAYMENTS

In testimony before the Committee, the Department of Defense noted that progress payments rates could be reduced 10 percent from the current 80 percent for big business down to 70 percent starting in fiscal year 1987 and from 90 to 80 percent for small business. This adjustment is justified by the continuing decline in interest rates.

Such an adjustment would save an estimated $1,150,000,000 in fiscal year 1987 outlays and is central to Committee efforts to meet its outlay targets mandated by the budget resolution. Section 9101 stipulates use of the lower progress payment rates.

Smaller progress payments may increase working capital requirements. Section 9101 also stipulaties against linking working capital and profit markup to avoid incurrence of additional profit.

INCREASED EMPHASIS ON INVESTMENT NOT COSTS

As noted, an adjustment to markup, or profit policy is desirable in view of the favorable economic circumstances. The proposed policy change is driven by the notion that profits should be determined on the basis of efforts to reduce costs through productivity related investments and capital risk rather than costs incurred. In many respects, the current policy awards higher profits relative to higher cost. At present, the stable economic environment is highly conducive to a policy shift which emphasizes capital investment to reduce costs.

In this regard, the proposed provision also requires contractors to fund all tooling and test equipment except for equipment used solely for final Government acceptance testing or that which has been previously approved by the Service Secretary. This action alone saves over $500,000,000 in the 1987 request and is expected to significantly reduce Government resources committed to tooling and test equipment as industry begins assuming these initial production costs. The specific reductions are discussed within the effected programs.

Included among the Committee recommendations are reductions which delete most of the following production tooling and test equipment funding. In cases where the request is less than $1,000,000, the Committee did not make a direct adjustment. The Committee felt that the Department could more efficiently make the adjustments when it applied the recommended fiscal year 1987 inflation adjustments.

Production tooling and test equipment in fiscal year 1987 programs

Appropriation, P-1 line item	*Amount*
MPA	$11,600,000
Stinger	10,800,000
Production base support	800,000
PWTCVA	30,000,000
Bradley fighting vehicle system	8,800,000
M-1A1 tank	11,700,000
M-119 Howitzer	9,500,000
PAA	44,600,000
Prod base suppt	44,600,000
OPA	109,100,000
ASAS	1,900,000
ADDS	19,800,000
Fire team digital msg device	1,700,000
Forward entry device	200,000
Corps/theatre ADP service cntr	100,000
TACJAM	900,000
Meteorological data system	200,000
PLRS	400,000
AQUILA	38,300,000
JOINTSTARS	18,400,000
SINCGARS	22,800,000
Digital equipment (DSCS)	500,000
Mask protective (MA5000)	3,900,000
WPN	86,300,000
Trident II	2,500,000
MK-48 ADCAP torpedo	47,600,000
MK-50 torpedo	11,000,000
RAM	25,200,000
APAF	166,300,000
C-17	166,300,000
MPAF	108,200,000
Maverick	7,400,000
AMRAAM	97,100,000
GLCM	3,700,000
OPAF	4,200,000
Chemical Biological Defense Program	4,200,000
Total	561,300,000

PRIVATE SECTION SALARY ALLOWABLE COSTS

Executive salaries.—The Committee has included section 9093 to limit proper charges on defense contracts regarding private sector wages. This provision restricts the allowable cost on all defense contracts for personnel salaries and incentives to the maximum level established for Federal Government executives. The provision is not intended to force the private sector to reduce its salaries to match pay in the public sector. However, the Committee believes if contractors choose to pay salaries, including cash incentives, to upper level management and corporate officers at rates which are in excess of salaries which can be earned by Federal Government officials, then the additional amount above Federal wages should come from corporate profits, and not be charged to the taxpayer as an additional cost of doing business with the Defense Department.

The Committee recognizes that changes in profit policy recommended in this act could encourage increased operating costs to offset changes in profits. One method would be to raise salaries. The Committee believes this would violate the intent of the profit policy changes. This provision will negate the benefit of making large increases in contractor personnel salaries thereby protecting the intent of the profit policy changes.

OTHER DEFENSEWIDE ISSUES

DEPLETED URANIUM PENETRATORS

Because of the special properties of depleted uranium and the expensive single purpose, highly specialized equipment necessary to produce it, the Committee feels it is necessary to maintain a viable production base for these products.

On this basis, the Committee has added a general provision (section 9088) also contained in the House-reported bill which directs that all rate production for depleted uranium [DU] penetrators be procured competitively from at least two suppliers within the existing production base to include the in-house capability of current ammunition producers. The Senate version differs slightly from the House by deleting the term "government-furnished material [GFM] basis" thereby permiting the Department to use other methods in addition to GFM to establish competition. For example, in the GAU-8 30 mm program, which is a mature round procured on a system basis, the Committee envisions that the DU penetrator will be competitively produced by at least two sources and integrated by the prime system contractors.

The Committee does not intend that this action be implemented during development and low rate initial production or in any other way adversely impact the highly successful systems procurement method currently being utilized by the services.

SPECIAL OPERATIONS FORCES ROTARY WING MISSION

The Committee notes the House Appropriations Committee report language directing that initiative 17 which transfers the Special Operations Forces [SOF] rotary wing mission from the Air Force to the Army not be implemented. The basis for this action is impaired near-term readiness and a cost of $600,000,000.

The issue of roles and missions is not the traditional domain of the Appropriations Committees. In this case, the Senate Armed Services Committee has clearly stated its preference for and support of the Department of Defenses airlift master plan for the Special Operating Forces which is based on the initiative 17.

The Committee is concerned about the impact of not adopting initiative 17. As a first step toward completely implementing initiative 17, the Army has commited a number of CH–47D's and MH–60's to the SOF mission. Under the transition plan, this fleet would be increased as the Air Force fleet is phased out. Against this back drop, the Committee believes that not implementing initiative 17 would decrease not improve readiness by eliminating the additional capability already provided by the Army.

Furthermore, the SOF airlift master plan requires substantial sustained investment to maintain the rotary wing capability. While the Army has to pay more now to establish the capability, the Air Force has a smaller cost of applying already developed modifications to existing aircraft. However, over time, the cost differences should not be great to provide the same required airlift capability and performance.

Accordingly, the Committee reiterates the Senate Armed Services Committee direction that the Department of Defense comply with its April 1, 1986, SOF airlift master plan and the implementation of initiative 17.

With respect to the actual helicopter upgrades, the Committee believes that there is ample off-the-shelf (nondevelopmental) equipment which can significantly reduce the $1,300,000,000 development and procurement program costs for the Army SOF rotary wing program. This lower cost approach is the basis on which funds have been recommended. The specifics are discussed later in the report.

SPECIAL OPERATIONS FORCES [SOF]

Although the Committee has not fully funded the programs associated with special operations forces, the Committee does remain particularly concerned that the Department has failed to demonstrate a continued commitment to the requirements associated with the special operations capability. Accordingly, following resolution of the initiative 17 issue and the establishment of a new unified combatant command as called for in section 9113 of this bill, the Committee intends to carefully review the Department's progress in achieving a comprehensive special operations forces capability.

Section 9113 is identical to the language contained in S. 2638, the Department of Defense Authorization Act, 1987.

CHEMICAL DETERRENT PROGRAM

The Committee has fully funded the Senate authorized Chemical Deterrent Program with the exception of the Army's and Air Force's gas mask program. That program includes continued production of the 155 mm binary round and the Bigeye chemical bomb as shown below:

[In millions of dollars]

	Budget request	Committee recommendation	Change from budget
Protective measures:			
RDT&E	227.57	227.57	
Medical RDT&E	167.0	157.0	-10.0
O&M	184.1	184.1	
Procurement	186.13	135.43	-50.7
War reserve	26.0	26.0	
Total	790.8	730.1	-60.7
Retaliatory capability:			
RDT&E	42.2	42.2	
Procurement of facilities	41.1	41.1	
Procurement of munitions	117.4	117.4	
Total	200.7	200.7	
Demilitarization:			
RDT&E	9.8	9.8	
O&M	60.5	60.5	
Procurement	49.8	49.8	
Total	120.1	120.1	

CHEMICAL WEAPONS PRODUCTION AND ARMS CONTROL

The Committee believes that the initatives of Congress in trying to forge an agreement with the Soviets against the production and use of chemical weapons is working. Reports from the Geneva Conference on Disarmament have been most encouraging indicating movement and Soviets willingness to recede from well-entrenched positions opposing on-site verification.

This Committee believes that the threat of U.S. production of chemical weapons has played a large part in motivating this changed behavior. The Committee clearly believes that a continued resolve to proceed with the production of chemical weapons is the very best—the only—way to sustain the negotiating momentum which is the desire of the Committee, the Congress, and the administration.

In that regard, the Committee opposes the House general provision which defers the start of production of binary chemical munitions and further defers additions to the production base for chemical weapons until October 1, 1987. The Committee feels that this state of suspended production leads to permanent deferral which provides no pressure for continued negotiations.

To enhance momentum and to demonstrate resolve, the Committee has recommended production funding for the GB-2 artillery round and the Bigeye bomb subject to the same restrictions imposed on fiscal year 1986 production funding by section 1411 of Public Law 99-145 as amended. Section 1411 established a number of certification requirements for the President concerning NATO consultation. It also establishes that there may be no final assembly of complete binary chemical munitions before October 1, 1987, and only after that date if—

(1) a mutually verifiable international agreement concerning binary and other similar chemical munitions has not been entered into by the United States by that date;

(2) the President, after that date, transmits to Congress a certification that—

(A) final assembly of such complete munitions is necessitated by national security interests of the United States and the interests of other NATO member nations;

(B) handling and storage safety specifications established by the Department of Defense with respect to such munitions will be met or exceeded;

(C) applicable Federal safety requirements will be met or exceeded in the handling, storage, and other use of such munitions; and

(D) the plan of the Secretary of Defense for destruction of existing U.S. chemical warfare stocks developed pursuant to section 1412 (which shall, if not sooner transmitted to Congress, accompany such certification) is ready to be implemented;

(3) final assembly is carried out only after the end of the 60-day period beginning on the date such certification is received by the Congress;

(4) the plan of the Secretary of Defense for land-based storage of such munitions within the United States during peacetime provides that the two components that constitute a binary chemical munition are to be stored in separate States; and

(5) the plan of the Secretary of Defense for the transportation of such munitions within the United States during peacetime provides that the two components that constitute a binary munition are transported separately.

In contrast to the House-reported provision, the Committee provision is consistent with and extends current law to this year's funding. Furthermore, the change proposed by the House would weaken the current law's contribution to the momentum Congress seeks to reach agreement with the Soviets. It also repeats the existing sense of Congress resolution on the replacement of chemical weapons in Europe. This is a change from the House language.

RESERVE COMPONENT UTILIZATION

The Department of Defense has been placing increased reliance on the Reserve components of all the services. The Committee has generally supported these increases as a cost-effective way of enhancing national security. The Committee has again added $454,300,000 to the bill for unbudgeted Guard and Reserve equipment.

In light of this increased reliance on the Reserve components, the Committee is anxious to make maximum use of the considerable annual investment in hardware, pay, and training costs by expanding the peacetime employment of the National Guard and Reserves in a manner that would permit reductions in the Active Force structure.

Of particular interest is the use of Reserve component units and personnel in lieu of active, forward deployed units in the hopes of reducing the number of dependents supported overseas.

The Committee held a field hearing on an ongoing forward deployment of selected Air National Guard personnel from North Dakota, California, and Minnesota. This composite unit is performing the mission of an F–4 unit that is converting to F–16's. The Committee believes that this deployment demonstrates the feasibility of such deployments to Europe.

In an informal survey conducted for the Committee by the GAO, it was found that there are limits to how much time Reserve component personnel are willing to devote at a single time to their Reserve duties. That limit appears to be 3 to 4 weeks, and then not every year.

From this data and testimony, the committee concludes that it is possible for the Reserve components to support peacetime missions in Europe. However, training and other unit operational factors appear which limit such deployments to small sections or crews which can be centrally managed or deployed.

While the Committee had hoped that replacement of active duty personnel in Europe with Reserve component personnel would reduce NATO support costs, a GAO review of the European community support structure indicates that a replacement of at least 600 to 1,000 active personnel would have to be made before even a $1,000,000 reduction in annual support costs could be realized.

However, the Committee believes that selective increased use of the Reserve components in Europe has benefit. First, it will give Reserve component members a sense of real contribution to our peacetime security. Second, it can provide excellent training opportunities.

For example, the Committee understands that the Army Reserve and National Guard are experiencing long-term difficulties in the area of MOS qualifications and subsequent skills qualifications. An active duty mission in Europe could provide an opportunity for real on-the-job training which could lead to skills acquisition of the sort now contemplated by the RMTS concept.

Accordingly, the committee requests the Secretary of Defense to develop a plan for establishing, at least on a test basis, a European-based Reserve component mission which is capable of training selected members and units of the Reserve components. The Committee anticipates that combat service support missions, rather than combat missions, are the logical starting point.

The Committee requests that such a plan, with comments from CINCEUR, and an estimate of costs to support this activity be submitted to the Committee by March 1, 1987.

MULTIYEAR PROCUREMENT

The Committee has reviewed the programs proposed by the Department of Defense for multiyear procurement and recommends approving the UH–60 Blackhawk/EH–60 Quickfix Airframe, the Patriot missile system, and the Defense Support Program [DSP]. Approval is provided in section 9032.

The Committee does not approve the following programs for multiyear procurement: Stinger missile, F/A-18 aircraft, MK-45 gun mount and MK-6 ammunition hoist, and HARM missile.

Airborne self-protection jammer.—The Committee remains concerned about the increasing cost and excessive schedule delays affecting the Airborne Self-Protection Jammer [ASPJ] Program. At the same time, the Committee recognizes the urgent need to upgrade the defensive electronic countermeasures capability of tactical combat aircraft. The ASPJ system is considered suitable to fulfill this requirement. However, approximately 500 to 700 F-16 and 260 F/A-18 aircraft will be in the operational inventory prior to ASPJ availability. Accordingly, the Committee directs that the F-16 and F/A-18 aircraft shall be the first combat aircraft to be equipped with the ASPJ when that system becomes available for full-scale production.

AIRCRAFT PROCUREMENT, ARMY

1986 appropriation	$3,524,200,000
1986 adjusted	3,351,514,000
1987 budget estimate	3,264,700,000
House allowance	2,798,050,000
Committee recommendation	2,892,150,000

The Committee recommends an appropriation of $2,892,150,000, a decrease of $372,550,000 below the President's budget and $94,100,000 more than the House allowance.

This appropriation provides funding for the acquisition of tactical and utility airplanes and helicopters, including associated electronics and communications equipment and armament; modification and modernization of in-service aircraft; flight simulators; ground support equipment; production base support; and depot reparable assemblies, components, and repair parts including spare engines, transmissions, and gear boxes.

COMMITTEE RECOMMENDED PROGRAM

The following table details the Committee recommendation in comparison to the budget request and the House-reported allowance.

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
AIRCRAFT PROCUREMENT, ARMY								
AIRCRAFT								
FIXED WING								
C-20 TRANSPORT......................................	--	---	---	59,300	+3	+59,300	+3	+59,300
ROTARY								
EH-60A HELICOPTER (QUICKFIX)(MYP)......................	18	135,000	108,700	115,000	--	-20,000	--	+6,300
EH-60A HELICOPTER (QUICKFIX) (MYP) (BY TRANSFER)....	--	---	(3,900)	---	--	---	--	(-3,900)
EH-60A HELICOPTER (QUICKFIX)(MYP) (AP-CY).............	--	16,900	16,900	16,900	--	---	--	---
AH-64 ATTACK HELICOPTER (APACHE)......................	144	1,189,300	1,032,800	1,024,200	-24	-165,100	--	-8,600
AH-64 ATTACK HELICOPTER (APACHE) (AP-CY)..............	--	39,100	39,100	39,100	--	---	--	---
UH-60A (BLACK HAWK) (MYP)..............................	78	155,400	149,300	155,400	--	---	--	+6,100
UH-60A (BLACK HAWK) (MYP) (BY TRANSFER).............	--	---	(3,100)	---	--	---	--	(-3,100)
UH-60A (BLACK HAWK) (MYP) (AP-CY)......................	--	195,000	133,900	165,100	--	-29,900	--	+31,200
TOTAL, AIRCRAFT......................................		1,730,700	1,480,700	1,575,000		-155,700		+94,300
MODIFICATION OF AIRCRAFT								
OV-1 SURVEILLANCE AIRPLANE (MOHAWK)...................	--	24,900	10,000	24,900	--	---	--	+14,900
RV-1 RECON AIRPLANE....................................	--	2,700	2,700	2,700	--	---	--	---
AH1S ATTACK HELICOPTER (COBRA-TOW)....................	--	61,000	12,400	34,000	--	-27,000	--	+21,600

AH-64 MODS..	--	33,400	33,400	33,400	--	---	--	---
CH-47 CARGO HELICOPTER (MYP)........................	--	208,400	198,400	208,400	--	---	--	+10,000
CH-47 CARGO HELICOPTER (MYP) (BY TRANSFER)..........	--	---	(1,500)	---	--	---	--	(-1,500)
CH-47 CARGO HELICOPTER (MYP) (AP-CY)................	--	58,600	58,600	58,600	--	---	--	---
CH-54 CARGO HELICOPTER (TARHE)......................	--	1,300	1,300	1,300	--	---	--	---
UH-1 UTILITY HELICOPTER (IROQUOIS)..................	--	6,300	6,300	6,300	--	---	--	---
UH-60A (BLACK HAWK) MODS............................	--	7,700	7,700	7,700	--	---	--	---
ARMY HELICOPTER IMPROVEMENT PROGRAM (AHIP)...........	--	164,900	122,500	119,200	--	-45,700	--	-3,300
ARMY HELICOPTER IMPROVEMENT PROGRAM (BY TRANSFER)...	--	---	(10,600)	---	--	---	--	(-10,600)
ARMY HELICOPTER IMPROVEMENT PROGRAM (AHIP) (AP-CY)....	--	45,400	21,800	22,500	--	-22,900	--	+700
AIR TO AIR STINGER ACFT MOD.........................	--	28,800	---	28,800	--	---	--	+28,800
AIRBORNE AVIONICS...................................	--	100	100	100	--	---	--	---
ASE MODIFICATIONS CLOSE COMBAT......................	--	3,500	1,500	3,500	--	---	--	+2,000
MODIFICATIONS UNDER $2.0M (AIRCRAFT)................	--	100	100	100	--	---	--	---
ACFT 9WW..	--	12,000	12,000	12,000	--	---	--	---
SOF AIRCRAFT MODIFICATIONS..........................	--	3,500	---	---	--	-3,500	--	---
GROUND PROXIMITY WARNING SYS........................	--	---	6,850	---	--	---	--	-6,850
TOTAL, MODIFICATION OF AIRCRAFT.....................		662,600	495,650	563,500		-99,100		+67,850
SPARES AND REPAIR PARTS.............................	--	710,500	710,500	672,000	--	-38,500	--	-38,500
SUPPORT EQUIPMENT AND FACILITIES								
GROUND SUPPORT AVIONICS								
AIRCRAFT SURVIVABILITY EQUIPMENT....................	--	11,600	11,600	11,600	--	---	--	---
OTHER SUPPORT								
AVIONICS SUPPORT EQUIPMENT..........................	--	57,900	47,400	38,900	--	-19,000	--	-8,500
COMMON GROUND EQUIPMENT.............................	--	28,400	28,400	28,400	--	---	--	---

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
AIR TRAFFIC CONTROL..................................	--	4,800	4,800	4,800	--	---	--	---
SYNTHETIC FLIGHT TRAINING SYSTEMS.....................	3	37,700	34,200	37,700	--	---	--	+3,500
INDUSTRIAL FACILITIES................................	--	16,000	16,000	16,000	--	---	--	---
WAR CONSUMABLES......................................	--	4,500	4,500	4,500	--	---	--	---
TOTAL, SUPPORT EQUIPMENT AND FACILITIES.............		160,900	146,900	141,900		-19,000		-5,000
INFLATION SAVINGS, FY87..............................	--	---	-35,700	-48,000	--	-48,000	--	-12,300
PROFIT POLICY CHANGE.................................	--	---	---	-12,250	--	-12,250	--	-12,250
TOTAL, AIRCRAFT PROCUREMENT, ARMY..................		3,264,700	2,798,050	2,892,150		-372,550		+94,100
TRANSFER FROM OTHER ACCOUNTS.......................		---	(19,100)	---		---		(-19,100)
TOTAL FUNDING AVAILABLE...........................		3,264,700	2,817,150	2,892,150		-372,550		+75,000

AUTHORIZATION CHANGES

The Committee recommends the following reductions in accordance with Senate authorization action:

[In thousands of dollars]

	Budget request	Committee recommendation	Change from budget
EH-60 helicopter	135,000	115,000	-20,000
AH-1S modifications	61,000	34,000	-27,000

RESTORED HOUSE ADJUSTMENTS

The Committee does not recommend accepting the following House adjustments:

[In thousands of dollars]

	Budget request	House allowance	Committee recommendation
UH-60 Blackhawk	155,400	149,300	155,400
OV-1D mods	24,900	10,000	24,900
CH-47 mods	208,400	198,400	208,400
Air-to-air Stinger	28,800		28,800
ASE-close combat	3,500	1,500	3,500
Synthetic flt trainers	37,700	34,200	37,700
Ground prox warning		6,850	

COMMITTEE RECOMMENDED ADJUSTMENTS

C-20 transport aircraft.—The Committee recommends an allowance of $59,330,000 for the purchase of three C-20's as Army operational support aircraft. The Committee notes the House Armed Services language urging the lease of such aircraft. The Committee has long objected to the lease of equipment in lieu of direct procurement. In making this unbudgeted and unauthorized recommendation, the Committee notes that Congress has provided similar capability to both the Air Force and Navy over the past few years. The Committee believes the Army's requirements are no different than the other services and, therefore, recommends a direct purchase rather than lease.

The Army is directed to assign the three U-21's or C-12's that will be displaced by these C-20's to the Army Reserve as a complement to other congressional direction that the Army provide four new C-12's to the Army Guard.

AH-64 attack helicopter.—The Committee recommends an allowance of $1,024,200,000 for 120 AH-64's. This is a reduction of $165,100,000 reflecting a repricing of the Senate authorized program based on prior-year contract savings not reflected in the budget request. A further adjustment is made for an excessive change orders allowance identified by the General Accounting Office [GAO]. Of these helicopters, 18 are earmarked for the Army National Guard.

The Committee is deeply concerned about the apparent lack of long-range planning and its impact on the attack helicopter production base.

The Committee expects the Army to fully state its plans for acquiring and modernizing its attack heliopter fleet while sustaining the desired mobilization production base identified in the master plan requested by the Senate Armed Services Committee. This Committee requests a copy of that report and directs that the acquisition plan be based on a projected 1 percent to no annual real growth in defense procurement over fiscal year 1987 levels throughout the period of the report.

UH-60 Blackhawk helicopter.—The Committee allowance fully funds the budget request for 78 UH-60's in the last year of the current multiyear contract. This restores $6,100,000 reduced by the House.

The Army proposed a follow-on 3-year multiyear procurement of 252 UH-60 and EH-60 airframes at a rate of 8 per month. The GAO advises that the Army is likely to reduce the production rate to six per month. Since this reduction does not change the number of aircraft to be bought, the Committee recommends bill language approving the multiyear contract subject to the existing policy that there be at least a 10-percent savings. The Committee recommends a reduction of $29,900,000 in advance procurement as an adjustment for the six per month rate.

If a follow-on multiyear contract cannot be awarded, the Committee directs that the excess EOQ funding provided be applied to the fiscal year 1988 advance procurement request. These funds are an item of special interest to the Congress and can be reprogrammed only with prior approval.

Army Helicopter Improvement Program [AHIP].—The Committee recommends an allowance of $119,200,000 for 36 OH-58D's and $22,500,000 in advance procurement for 36 aircraft, which the Committee believes to be the Army's new plan. This is a $45,700,000 reduction and 12 helicopters in the fiscal year 1987 program. The advance procurement request is reduced $14,100,000 for a revised 36 aircraft buy in fiscal year 1988. This is further reduced $8,800,000 through the application of fiscal year 1986 advance procurement funds no longer needed for the reduced fiscal year 1987 production program. The total advance procurement reduction is $22,900,000.

The Committee understands that the Army is considering ending the AHIP Program after the fiscal year 1987 program for affordability reasons. After the 1987 buy, some 135 OH-58D's will have been produced. This is more than is needed for the divisional field artillery role and less than needed to include the Corps artillery role, the only role approved by the Department of Defense for production. This calls into question the justification for most of the 1987 program.

If the Army decides to suspend or terminate the AHIP Program, the Committee requests a report on how the Army plans to meet its scout helicopter requirements through the 1990's when the LHX may be fielded in quantity. This report is due before any of the fiscal year 1987 funds are obligated. The Committee is concerned that relying on the OH-58A or OH-58C to team with the more capable AH-64's and AH-1S's will seriously weaken the Army's antitank capabilities, particularly at night. Furthermore, the idea of using an AH–64, which is several times more expensive than an OH–58D, as a scout is not very cost effective.

This report should address funding requirements and explain the transition from the reduced fiscal year 1987 AHIP Program to an affordable interim scout helicopter program. The Committee directs that any excess 1987 funds be applied toward providing an improved interim scout helicopter which has the power and safety margins to stay up with the AH–64 and visionics growth potential to stay in the inventory through the 1990's when the LHX may be available.

SOF modifications.—The Committee denies the request for $3,500,000 in advance procurement funding as premature. No determination has been made as to what specific system or modifications will be made. Extensive R&D work is scheduled to continue in fiscal year 1987.

OTHER PROGRAM ADJUSTMENTS

Spares.—The Committee recommends a reduction of $38,500,000 to realign spares funding for AH–64 and AHIP Program reductions.

Avionics support equipment.—The Committee recommends a reduction of $19,000,000 to the request for various avionics systems. This deletes all funding for the airborne SINCGARS radios, which is experiencing production problems, except for $2,300,000 left for continuing program management.

Inflation.—The Committee recommends a reduction of $48,000,000 from the budget request for inflation adjustments. This is $12,300,000 below the House allowance and is based on an anticipated inflation rate of 3.1 percent in fiscal year 1987 instead of 4.1 percent included in the budget request.

Profit policy change.—The Committee recommends a reduction of $12,250,000 based on new profit policies to be in effect during fiscal year 1987.

MISSILE PROCUREMENT, ARMY

1986 appropriation	$2,904,332,000
1986 adjusted	2,762,020,000
1987 budget estimate	2,438,200,000
House allowance	2,003,300,000
Committee recommendation	2,183,300,000

The Committee recommends an appropriation of $2,183,300,000. This is $254,900,000 below the President's budget and $180,000,000 more than the House allowance.

This appropriation provides for the procurement of surface-to-air and surface-to-surface missile systems; air defense control and coordination systems; antitank/assault missile systems; modification of in-service missiles and supporting equipment; and related costs such as production base support.

COMMITTEE RECOMMENDED PROGRAM

The following table details the Committee recommendation in comparison to the budget request and the House-reported allowance.

AUTHORIZATION CHANGES

The Committee recommends the following reductions in accordance with Senate authorization action:

[In thousands of dollars]

	Budget request	Committee recommendation	Change from budget
Air defense, heavy	9,100		-9,100
Patriot	951,500	920,000	-31,500
Dragon missile modifications	4,700		-4,700
Spares	150,900	145,900	-5,000

RESTORED HOUSE ADJUSTMENTS

The Committee does not recommend accepting the following House adjustments:

[In thousands of dollars]

	Budget request	House allowance	Committee recommendation
Stinger	251,700	190,200	251,700
Stinger advance procurement	40,300		40,300
Patriot modifications	38,600	21,900	38,600
Lance modifications	3,800		3,800
Air defense targets	32,400	19,800	32,400

COMMITTEE RECOMMENDED ADJUSTMENTS

Chaparral missile.—The Committee recommends a reduction of $73,7000 due to slippages in the test schedule, but provides $30,000,000 for a limited initial production. Government flight testing is now scheduled to be complete in February 1987, rather than July 1986. However, test results of the completed tests have been good. The Army advises that a late 1987 contract award is planned.

This is the second year that production funding has been deferred or delayed due to testing delays. Nonetheless, the Committee continues to support the development of the rosette-scan seeker. Since current test items have been fabricated in a development environment, the Committee believes it is now time to obtain some manufacturing maturity for the new seeker. Accordingly, the $30,000,000 allowance provides for the production prove out of the design which is critical to the Army's plans to compete procurement of the missile.

Patriot missile system.—The Committee recommends the full $920,000,000 authorized by the Senate for the continue production of the Patriot system. This is a reduction of $31,500,000 in anticipation of 1987 contract negotiation savings.

The Committee has included bill language enabling the proposed fiscal year 1987–91 multiyear procurement of 3,862 missiles and 33 fire units. This procurement will complete the currently approved Patriot program.

Patriot generator sets.—Several years ago, the Army began a search for alternative suppliers of turbine engines for Patriot generator sets because of high cost and unacceptable failure rates of the existing turbine engine. The Army's initial solicitation for alternatives, which was solely for an alternative turbine source, was canceled earlier this year. A new solicitation to evaluate both diesel and turbine alternatives is now pending. A proposal conference for bidders was held August 28 with a formal solicitation expected in September leading to a potential buy of 207 units (43 first option quantity; 150 second option quantity; and 14 spare engines).

The House has directed that the competition be limited to just turbine alternatives. Since the competition is going to occur, the Committee directs that the competition should evaluate both turbine and diesel alternatives using the minimum number of contractor provided prototypes needed for an effective test.

The Committee has been advised that there are commercial diesel engines available that can meet the form, fit, and function of the turbine units within the prescribed weight constraints. The Committee believes that nothing is gained by restricting the competition, rather there is much to lose from restrictions.

Stinger missile.–The Committee allowance of $251,700,000 would restore reductions made in the House-reported bill for the Pedestal Mounted Stinger [PMS] and advance funding for a proposed multiyear contract. While providing the request amount, the Committee does not recommend approval of the proposed multiyear procurement for which $40,300,000 in advance procurement funding was requested.

In response to last year's Committee request, the Army completed a review of continued sole source procurement which concluded that second sourcing considerations should not be abandoned but be maintained. The supporting analysis was based on the current program and indicates that competition will not recover the initial startup costs. However, the Committee continues to believe that the requirement for Stinger missile will grow, thereby making competition the preferred strategy. Furthermore, the funding needed to start the multiyear procurement is nearly enough to start the second source program, particularly in light of the Committee provision which requires funding of production tooling by industry.

Accordingly, the Army is directed to start a competitive second source production program without further delay.

Tow–2 missile.–The Committee agrees with the House recommendation to limit new production to 12,000 missiles but has spread the reduction proportionally between the Army and Marine Corps programs. The reduction to the Army program is 2,650 missiles and $24,100,000.

The Committee notes that the 1987 production program is for the TOW–2A, pending development of the TOW–2B as part of the lethality improvement program. The Committee believes these improvements are critical to maintaining a creditable antiarmor capability. To that end, $2,000,000 of the TOW–2 modification allowance is to be earmarked to

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty.	Amount			Qty.	Amount	Qty.	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
MISSILE PROCUREMENT, ARMY								
OTHER MISSILES								
SURFACE-TO-AIR MISSILE SYSTEM								
CHAPARRAL	456	103,700	---	30,000	-456	-73,700	--	+30,000
AIR DEFENSE SYS HEAVY	--	9,100	---	---	--	-9,100	--	---
OTHER MISSILE SUPPORT	--	6,500	6,500	6,500	--	---	--	---
PATRIOT (MYP)	700	951,500	902,500	920,000	--	-31,500	--	+17,500
PATRIOT (MYP) (BY TRANSFER)	--	---	(14,500)	---	--	---	--	(-14,500)
PATRIOT (MYP) (AP-CY)	--	45,300	45,300	45,300	--	---	--	---
STINGER (MYP)	4,180	251,700	190,200	251,700	--	---	--	+61,500
STINGER (MYP) (BY TRANSFER)	--	---	(18,600)	---	--	---	--	(-18,600)
STINGER (MYP) (AP-CY)	--	40,300	---	40,300	--	---	--	+40,300
PERSHING II	--	31,800	31,800	31,800	--	---	--	---
AIR-TO-SURFACE MISSILE SYSTEM								
ANTI-TANK/ASSAULT MISSILE SYSTEM								
TOW 2	12,000	134,600	68,400	110,500	-2,650	-24,100	+750	+42,100
TOW 2 (BY TRANSFER)	--	---	(12,600)	---	--	---	--	(-12,600)
TOW 2 (AP-CY)	--	15,500	---	---	--	-15,500	--	---
MULTIPLE LAUNCH ROCKET SYSTEM (MYP)	72,000	474,200	461,700	439,800	--	-34,400	--	-21,900

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty.	Amount			Qty.	Amount	Qty.	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
MULTIPLE LAUNCH ROCKET SYSTEM (MYP) (BY TRANSFER)...	--	---	(12,500)	---	--	---	--	(-12,500)
TOTAL, OTHER MISSILES...............................		2,064,200	1,706,400	1,875,900		-188,300		+169,500
MODIFICATION OF MISSILES								
MODIFICATIONS								
PATRIOT...	--	38,600	21,900	38,600	--	---	--	+16,700
CHAPARRAL...	--	5,200	5,200	5,200	--	---	--	---
HAWK..	--	68,200	58,800	60,500	--	-7,700	--	+1,700
TOW...	--	53,000	53,000	53,000	--	---	--	---
DRAGON..	--	4,700	---	---	--	-4,700	--	---
LANCE MODIFICATIONS.................................	--	3,800	---	3,800	--	---	--	+3,800
TOTAL, MODIFICATION OF MISSILES.....................		173,500	138,900	161,100		-12,400		+22,200
SPARES AND REPAIR PARTS.............................	--	150,900	150,900	145,900	--	-5,000	--	-5,000
SUPPORT EQUIPMENT AND FACILITIES								
AIR DEFENSE TARGETS.................................	--	32,400	19,800	32,400	--	---	--	+12,600
ITEMS LESS THAN $2.0M (MISSILES)....................	--	1,500	1,500	1,500	--	---	--	---

PRODUCTION BASE SPT..................................	--	15,700	15,700	15,700	--	---	--	---
TOTAL, SUPPORT EQUIPMENT AND FACILITIES.............		49,600	37,000	49,600		---		+12,600
INFLATION SAVINGS, FY87..............................	--	---	-29,900	-40,100	--	-40,100	--	-10,200
PROFIT POLICY CHANGE.................................	--	---	---	-9,100	--	-9,100	--	-9,100
TOTAL, MISSILE PROCUREMENT, ARMY.....................		2,438,200	2,003,300	2,183,300		-254,900		+180,000
TRANSFER FROM OTHER ACCOUNTS.........................		---	(58,200)	---		---		(-58,200)
TOTAL FUNDING AVAILABLE..............................		2,438,200	2,061,500	2,183,300		-254,900		+121,800

start a TOW-2 to TOW-2A conversion program for an initial program of 1,000 missiles.

The Army advises that the new warhead will be available in May 1987. The Army is requested to submit a plan by February 1, 1987, for back fitting the 2A and 2B warheads into the existing inventory in an appropriate mix.

TOW-2 advance procurement.—The Committee has deferred the $15,500,000 requested for TOW production surge because of the uncertainty of future production configurations and the overall limited funding this year. Funds previously provided will permit a production surge rate of 2,500 a month rather than the 3,500 programmed.

Multiple launch rocket system [MLRS].—The Committee has deleted $34,400,000 for 20 of the 44 self-propelled launchers requested to support the Army tactical missile system which is still in development. The GAO advises that these launchers will not be needed until 1990. The allowance will maintain production at the minimum sustaining rate of two systems per month thereby avoiding a break in production.

Although the House supported the request, the Committee also agrees with the House's concerns about the future procurement strategy and directs the Army to fully consider the MLRS production capability being developed in Europe as part of the MLRS cooperative development program.

MISSILE MODIFICATIONS AND OTHER ADJUSTMENTS

Hawk modifications.—The Committee defers $7,700,000 requested for late fiscal year 1988 testing. These funds can be budgeted next year.

Inflation.—The Committee recommends a reduction of $40,100,000 from the budget request for inflation adjustments. This is $10,200,000 below the House reduction and is based on an anticipated inflation rate of 3 percent in fiscal year 1987 instead of 4.1 percent included in the budget request.

Profit policy change.—The Committee recommends a reduction of $9,100,000 based on new profit policies to be in effect during fiscal year 1987.

ITEMS OF SPECIAL INTEREST

Interim medium antitank weapon system.—Last year the Committee noted the need to improve the current Dragon system. More recently the Department of Defense agreed that an interim system is required pending development of the advanced antiarmor weapon systems–medium [AAWS-M]. The Committee has become increasingly concerned that the DOD selection process will not adhere to the master antiarmor plan and that no detailed plan exists which establishes the criteria for competitive selection. Additionally, the Committee is concerned that all alternatives to include the Marine Corps developed Dragon PIP will not be included in the evaluation of the available systems.

The Committee directs the DOD to submit a recommended acquisition strategy for the selection and production of an interim system to the currently fielded Dragon. This strategy should include an evaluation of all existing or developmental medium antiarmor systems from the United States and abroad and include the program requirements, schedule, competition criteria, funding, and procurement profiles.

PROCUREMENT OF WEAPONS AND TRACKED COMBAT VEHICLES, ARMY

1986 appropriation	$4,684,800,000
1986 adjusted	4,455,245,000
1987 budget estimate	4,452,600,000
House allowance	3,828,000,000
Committee recommendation	3,759,850,000

The Committee recommends an appropriation of $3,759,850,000. This is a decrease of $692,750,000 below the President's budget and $68,150,000 less than the House allowance.

This appropriation provides for the procurement of tanks, armored personnel carriers and combat engineer vehicles. Funds are also included for the acquisition of machine guns, grenade launchers, towed and self-propelled guns and howitzers, laser rangefinders, associated training equipment, modification of in-service equipment, investment spares and repair parts and major components, and production base support.

COMMITTEE RECOMMENDED PROGRAM

The following table details the Committee recommendation in comparison to the budget request and the House-reported allowance.

AUTHORIZATION CHANGES

The Committee recommends the following reductions in accordance with Senate authorization action:

[In thousands of dollars]

	Budget request	Committee recommendation	Change from budget
FA ammo support vehicle	67,500	63,500	-4,000
M-88 recovery vehicle	42,800	8,800	-34,000
M-113 carrier modifications	48,400	41,900	-6,500
Mobilization training base	17,000	7,000	-10,000

RESTORED HOUSE ADJUSTMENTS

The Committee does not recommend accepting the following House adjustments:

[In thousands of dollars]

	Budget request	House allowance	Committee recommendation
M-1 training devices	9,500	8,500	9,500
M-1 tank modifications	80,400	45,900	80,400
M-60 machine gun	5,000		5,000

COMMITTEE RECOMMENDED ADJUSTMENTS

Bradley fighting vehicles.—The Committee recommends $895,800,000 for 720 vehicles authorized by the Senate. This is a reduction of $226,000,000 and 150 vehicles below the request reflecting $22,200,000 in transmission contract savings and $50,000,000 over budgeted for value engineering and management reserve.

The Committee recommends a reduction of $10,000,000 to the advance procurement request. The Committee allowance is intended to support 1988 production of 720 Bradleys taking credit for the 150 sets of long-lead items funded last year which are not needed now for the reduced 1987 program. An adjustment has also been made for overbudgeting for power conversion units.

The Committee remains strongly concerned about the overmatching threat to armored personnel carriers posed by both man-portable and vehicle-carried weapons. This threat raises serious questions about the tactical employment and continued procurement of the Bradley system as a fighting vehicle. The combined arms tests at Fort Hunter-Liggett, as well as the live-fire tests at Aberdeen Proving Ground, convincingly demonstrate the urgent need to address these issues. The Committee likewise expresses its distress at the Army's inability to consistently and precisely define the Bradley's combat missions within the context of the Air-Land Battle doctrine.

The Committee is aware of efforts to improve the Bradley's survivability, yet remains concerned that the cost of these efforts may be excessive. Moreover, such improvements as might be incorporated may adversely affect the Bradley's transportability, reliability, and maintainability. Accordingly, the Army is put on notice that the Committee intends to closely review the operational suitability and cost-effectiveness of the Bradley vehicle in the roles specified by the Army. Such review will include a comparative operational evaluation, including cost analysis, of alternative systems to determine relative capabilities for both the troop carrier and fire support missions. This assessment will form the basis for subsequent decisions regarding continued funding for this program.

The Army is directed to report to the Committees on Appropriations of the Senate and House of the specifics of the armor improvement program that will enter production, its testing results and how it will evolve with changes in the threat before any of the $26,600 provided per vehicle for the survivability program is obligated.

Bushmaster gun.—The Committee also deleted $3,700,000 and 95 Bushmaster guns used on the Bradley vehicle. This 10-percent reduction is the maximum decrease allowed under the current contract without changing the unit price.

M–1 tank.—The Committee recommends a total of $1,731,400,000 for procurement and advance procurement of 720 M–1 tanks in 1987 and 1988. This would continue the basic 720 per year multiyear contract initiated last year. This allowance assumes application of $30,200,000 in long-lead funding provided last year which is not needed for the 120 tanks deleted from the 1987 request.

The Committee repeats its support for a sustained production rate of 720 tanks per year. As noted earlier in this report, the long-range production planning for the tank has not improved since last year nor is there any substantive follow-on tank development underway. In light of today's and future funding constraints, the Committee does not feel compelled to sustain a higher production rate only to fund an increased procurement program to keep the production base warm later.

155mm Howitzer Improvement Program [HIP].—The Committee recommends deletion of $15,000,000 excess to 1987 program requirements.

Army Small Arms Program.—The Army recently informed the Committee of its revised plans for small arms procurement for which the Committee recommends full funding.

In agreement with the revised program, $24,200,000 for the M–240 machine gun is deleted and $15,000,000 is added for the MK–19 40 mm grenade launcher as authorized by the Senate. The 9 mm handgun is fully funded.

The Committee has recommended bill language requiring the competitive procurement of the M–249 squad automative weapon [SAW] rather than the directed sole source procurement proposed. The Committee expressed its concerns last year about the abrupt termination of the competitive process. It also expressed its desire for competition in establishing the domestic source of production for the SAW.

The Committee feels competition is feasible, in the best interest of the Government, and will insure that the best producer is selected for introduction into the mobilization base which the Army is attempting to preserve.

OTHER PROGRAM ADJUSTMENTS

Spares.—The Committee defers $27,400,000 in initial spares funding associated with the recommended adjustments to the M–1 and Bradley programs. However, this reduction is not to be made against the allowance for 34 M–1 full-up power packs which are an item of special interest to the Committee as a means of enhancing readiness.

Cannon surge program.—The Committee has deleted all $9,600,000 requested. The Army advised that the budgeted amount and the lesser authorized amount was insufficient to provide the surge capacity needed for the M–1 tank.

Inflation.—The Committee recommends a reduction of $58,000,000 from the budget request for inflation adjustments. This is $4,800,000 below the House reduction and is based on an anticipated inflation rate of 3 percent in fiscal year 1987 instead of 4.1 percent included in the budget request.

Profit policy change.—The Committee recommends a reduction of $15,750,000 based on new profit policies to be in effect during fiscal year 1987.

ITEMS OF SPECIAL INTEREST

Field artillery ammunition support vehicle.—The Committee supports the production of the field artillery ammunition support vehicle [FAASV] and believes that continued production in fiscal year 1988 should be at the same rate as in fiscal year 1987, especially in view of a critical shortage of FAASV's in Europe.

M88 recovery vehicle.—The Committee supports the Army's decision to expedite its product improvement of the M88A1 to the A2 configuration. This vehicle improvement is needed to support the heavier M1A1 tank force and for the safety of our soldiers. The Army is urged to take the necessary steps to meet the initial production date of July 1989.

PROCUREMENT OF AMMUNITION, ARMY

1986 appropriation	$2,497,200,000
1986 adjusted	2,374,837,000
1987 budget estimate	2,254,000,000
House allowance	2,068,988,000
Committee recommendation	2,229,700,000

The Committee recommends an appropriation of $2,229,700,000 for ammunition, including $382,400,000 for production base support. This is a decrease of $24,300,000 below the President's request and $160,712,000 more than the House allowance.

This appropriation provides for the procurement of all Army ammunition except missiles. Funds are also included for industrial facilities required for the production of ammunition components and end items, the modernization of Army ammunition facilities (including construction), and the layaway of Government-owned plants and equipment where it has been established that such facilities will be required in the event of mobilization.

COMMITTEE RECOMMENDED PROGRAM

The following table details the Committee recommendation in comparison to the budget request and the House-reported allowance.

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
PROCUREMENT OF W&TCV,ARMY								
TRACKED COMBAT VEHICLES								
CARRIER, COMMAND POST LIGHT, FT, M577A2	300	64,100	64,100	64,100	--	---	--	---
BRADLEY FIGHTING VEHICLES (MYP)	870	1,121,800	830,000	895,800	-150	-226,000	+127	+65,800
BRADLEY FIGHTING VEHICLES (MYP) (AP-CY)	--	20,600	20,600	10,600	--	-10,000	--	-10,000
BRADLEY FVS TRAINING DEVICES	--	9,500	9,500	9,500	--	---	--	---
FIELD ARTILLERY AMMUNITION SUPPORT VEH	141	67,500	58,800	63,500	--	-4,000	--	+4,700
FIELD ARTILLERY AMMUNITION SUPPORT VEH (BY TRANSFER)	--	---	(3,200)	---	--	---	--	(-3,200)
RECOVERY VEHICLE, MED, FT, M88A1	--	42,800	---	8,800	--	-34,000	--	+8,800
ABRAMS TANK SERIES ROLL (MYP)	840	1,643,600	1,578,600	1,527,300	-120	-116,300	-120	-51,300
ABRAMS TANK SERIES ROLL (MYP) (AP-CY)	--	351,400	321,900	204,100	--	-147,300	--	-117,800
M60 SERIES TANK TRAINING DEVICES	--	33,500	33,500	33,500	--	---	--	---
M1 SERIES TANK TRAINING DEVICES	--	9,500	8,500	9,500	--	---	--	+1,000
MODIFICATION OF TRACKED COMBAT VEHICLES								
CARRIER,MOD	--	48,400	41,900	41,900	--	-6,500	--	---
FIST VEHICLE (MOD)	--	53,800	53,800	53,800	--	---	--	---
BFVS SERIES (MOD)	--	35,100	35,100	35,100	--	---	--	---
HOWITZER, MED SP FT 155MM M109 SER(MOD)	--	20,800	3,000	5,800	--	-15,000	--	+2,800
TANK,COMBAT,FT,105MM GUN,M60SER (MOD)(MYP)	--	48,300	48,300	48,300	--	---	--	---
TANK, M1 SERIES (MOD)	--	80,400	45,900	80,400	--	---	--	+34,500
TANK, M1 SERIES (MOD) (BY TRANSFER)	--	---	(5,300)	---	--	---	--	(-5,300)

MOB TNG BASE EQUIP	--	17,000	15,500	7,000	--	-10,000	--	-8,500
HOST NATION SUPPORT	--	4,700	4,700	4,700	--	---	--	---
SUPPORT EQUIPMENT AND FACILITIES								
SPARES AND REPAIR PARTS	--	469,800	436,300	442,400	--	-27,400	--	+6,100
ITEMS LESS THAN $2.0M (TCV-WTCV)	--	2,000	2,000	2,000	--	---	--	---
PRODUCTION BASE SUPPORT (TCV-WTCV)	--	57,800	57,800	57,800	--	---	--	---
TOTAL, TRACKED COMBAT VEHICLES		4,202,400	3,669,800	3,605,900		-596,500		-63,900
WEAPONS AND OTHER COMBAT VEHICLES								
HOWITZER, LIGT,TOWED, 105MM, L119	64	26,500	26,500	26,500	--	---	--	---
MACHINE GUN, 7.62MM, M60	1,647	5,000	---	5,000	--	---	+1,647	+5,000
ARMOR MACHINE GUN, 7.62MM M240	4,509	24,200	---	---	-4,509	-24,200	--	---
SQUAD AUTOMATIC WEAPON (SAW) 5.56MM	4,800	12,900	12,900	12,900	--	---	--	---
GRENADE LAUNCHER, AUTO, 40MM, MK19-3	--	---	---	15,000	--	+15,000	--	+15,000
LAUNCHER, SMOKE GRENADE	4,217	1,800	1,800	1,800	--	---	--	---
MORTAR, 81MM, M252	457	10,100	10,100	10,100	--	---	--	---
MORTAR 120 MM	145	13,200	13,200	13,200	--	---	--	---
M16 RIFLE	76,235	36,800	36,800	36,800	--	---	--	---
PERSONAL DEFENSE WEAPON, 9MM	21,219	4,400	4,400	4,400	--	---	--	---
VEH RAPID FIRE WPN SYS-BUSHMASTER (MYP)	947	37,300	37,300	33,600	-95	-3,700	-95	-3,700
VEH RAPID FIRE WPN SYS-BUSHMASTER (MYP) (AP-CY)	--	3,200	3,200	3,200	--	---	--	---
MODIFICATION OF WEAPONS AND OTHER COMBAT VEHICLES								
M16A1 RIFLE MODS	--	3,300	3,300	3,300	--	---	--	---
MODIFICATIONS UNDER $2.0M (WOCV-WTCV)	--	4,000	4,000	4,000	--	---	--	---
SUPPORT EQUIPMENT AND FACILITIES								
REP SPARES AND REPAIR PARTS (WOCV-WTCV)	--	17,600	17,600	17,600	--	---	--	---

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty.	Amount			Qty.	Amount	Qty.	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
ITEMS LESS THAN $2.0M (WOCV-WTCV)	--	3,300	3,300	3,300	--	---	--	---
PRODUCTION BASE SUPPORT (WOCV-WTCV)	--	37,000	37,000	37,000	--	---	--	---
CANNON TUBE FORGINGS FOR SURGE	--	9,600	---	---	--	-9,600	--	---
TOTAL, WEAPONS AND OTHER COMBAT VEHICLES		250,200	211,400	227,700		-22,500		+16,300
INFLATION SAVINGS, FY87	--	---	-53,200	-58,000	--	-58,000	--	-4,800
PROFIT POLICY CHANGE	--	---	---	-15,750	--	-15,750	--	-15,750
TOTAL, PROCUREMENT OF W&TCV,ARMY		4,452,600	3,828,000	3,759,850		-692,750		-68,150
TRANSFER FROM OTHER ACCOUNTS		---	(8,500)	---		---		(-8,500)
TOTAL FUNDING AVAILABLE		4,452,600	3,836,500	3,759,850		-692,750		-76,650

AUTHORIZATION CHANGES

The Committee recommends the following reductions in accordance with Senate authorization action:

[In thousands of dollars]

	Budget request	Committee recommendation	Change from budget
5.56 mm blank	18,400	12,200	-6,200
7.62 4 ball	68,500	33,300	-35,200
25 mm HEI–T	48,700	24,200	-24,500
25 mm TPT linked	25,500	24,900	-600
40 mm HEDP	28,700	19,500	-9,200
120 mm Mortar (all)	64,500	34,500	-30,000
105 mm HEAT	7,700		-7,700
120 mm TPCSDS–T	104,900	92,500	-12,400
155 mm RAAMS (all)	117,300	49,700	-67,600
155 mm prop charge, GB	38,000	26,300	-11,700
8-Inch RAP	37,300	23,800	-13,500
8-Inch prop charge WB	4,000		-4,000
MCLIC-rocket	13,300	9,100	-4,200
MCLIC-charge	24,400	23,300	-1,100
Comp C–4	9,500	8,000	-1,500

SENATE AUTHORIZATION ADDITIONS

The Committee recommends the following additions in accordance with Senate authorization actions:

[In thousands of dollars]

	Budget request	Committee recommendation	Change from budget
5.56 mm blank M–200	7,000	19,500	+12,500
7.62 blank LKD	15,900	19,300	+3,400
20 mm LKD TP–T	9,700	11,300	+1,600
20 mm LKD 4 TP/1TP–T	3,300	5,300	+2,000
40 mm practice M–781	3,600	10,200	+6,600
105 mm TP–T M–490		32,000	+32,000
155 mm smoke WP	13,500	22,900	+9,400
155 mm HE ADAM M–731	33,900	39,600	+5,700
155 mm Copperhead	8,200	18,200	+10,000
8-inch ICM M–509		86,700	+86,700
Fuze PD M–739		9,700	+9,700
Fuze MTSG M–577	11,700	15,100	+3,400
Primer, perc M–82	1,800	3,000	+1,200
GIMSS M–74		8,600	+8,600
GIMSS M–75		20,600	+20,600
Lightweight multipurpose system trainer	2,500	7,300	+4,800
Hydra 70 RKT practice	2,700	21,600	+18,900
Hydra 70 RKT HE/PD	44,800	52,500	+7,700
Hydra 70 RKT illum		19,600	+19,600
Hydra 70 RKY smoke		13,700	+13,700
Signals, all types	18,000	20,900	+2,900
Simulators	4,300	11,500	+7,200
Items under $2 million	5,200	6,700	+1,500
Prov-Indus facilities[1]	159,000	159,000	
Prod base modernization[1]	161,100	189,600	+28,500

[1] Unspecified increase for industrial facilities applied to modernization line.

RESTORED HOUSE ADJUSTMENTS

The Committee does not recommend accepting the following House adjustments:

[In thousands of dollars]

	Budget request	House allowance	Committee recommendation
155 mm binary chemicals	60,600		60,600
81 mm mtr smoke	11,000	6,000	11,000
105 mm M-456 (GR/T)		-39,562	
155 mm ICM	173,000	87,900	173,000
155 mm prop charge M203	20,000	6,500	20,000
155 mm prop charge M119	55,600	45,100	55,600
Volcano mine	1,900		1,900
Volcano canister	31,600		31,600
Ammo pecul equipment	7,800	6,300	7,800
Propellants/explosives	56,700		56,700
General increase		+358,000	

COMMITTEE RECOMMENDED ADJUSTMENTS

Civilian Marksmanship Program.—As discussed in the section on the National Board for the Promotion of Rifle Practice, a reduction of $1,350,000 is recommended based on a funding realignment proposed by the Army.

81mm mortar, high explosive.—The Committee defers $61,100,000 for 270,000 rounds of ammunition. The General Accounting Office advises that the budget request would require multiple production shifts. Adjustment supports 1–8–5 production program.

AT-4 lightweight antiarmor system.—The Committee recommends an allowance of $69,500,000 for the Army AT-4 antiarmor system. This provides for 100,000 weapons for the third and final year of offshore production plus $10,000,000 for nonrecurring costs and $15,000,000 for 10,000 rounds to establish a domestic source of production.

Smoke screening grenade.—The Committee recommends a reduction of $4,200,000 in the request due to unresolved production problems reported by the General Accounting Office.

PRODUCTION BASE SUPPORT

Mississippi AAP.—Last year Congress asked for a thorough investigation of the start-up operations at the Mississippi Army Ammunition Plant [AAP] and then to receive a report on the specific problems, proposed solutions, implementation plans, and schedules. Obligation of $74,500,000 in fiscal year 1986 M483 ICM funds was deferred pending receipt of that report.

This report has not been officially received due to technical problems with the Army's proposed financing plan. However, the Committee has been closely following the issue and is satisfied that the Army now has a reasonable plan for establishing the full 120,000 per month mobilization production rate. This plan requires $27,400,000 in facility and $102,800,000 in equipment improvements. While the Committee still ex-

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
PROCUREMENT OF AMMUNITION, ARMY								
AMMUNITION								
ATOMIC MATERIEL								
NUCLEAR WEAPONS SUPPORT MATERIEL	--	2,600	2,600	2,600	--	---	--	---
PROJ, NUCLEAR, 155MM	--	11,700	11,700	11,700	--	---	--	---
CONTROLLED ITEMS								
CTG, 5.56MM, BALL M193	109,784	15,000	15,000	15,000	--	---	--	---
CTG, 5.56MM, TRACER	20,982	5,600	5,600	5,600	--	---	--	---
CTG, 5.56MM, TRACER CLIP	15,625	4,800	4,800	4,800	--	---	--	---
CTG, 5.56MM, BLANK M200	56,965	7,000	19,500	19,500	+136,268	+12,500	--	---
CTG, 5.56MM, BLK M200, LKD F/SAW	90,476	18,400	18,400	12,200	-30,496	-6,200	-30,496	-6,200
CTG, 5.56MM, 4 BALL M855/1 TRCR M856 LKD	99,098	29,400	29,400	29,400	--	---	--	---
CTG, 5.56MM BALL M16-A2	18,845	3,400	3,400	3,400	--	---	--	---
CTG, 7.62MM, 4 BALL M80/1 TRCR M62 LKD	275,589	68,500	33,300	33,300	-140,800	-35,200	--	---
CTG, 7.62MM, BALL M80 LKD/M13	10,562	2,700	2,700	2,700	--	---	--	---
CTG, 7.62MM, LKD 4 BALL ITRACER OHF	1,667	500	500	500	--	---	--	---
CTG, 7.62MM, BLANK M82 LKD/M13	72,064	15,900	19,300	19,300	+17,075	+3,400	--	---
CTG, CAL .45, BALL M1911	5,936	700	700	700	--	---	--	---
CTG, CAL .50, PLASTIC LKD 4 BALL/1 TRACER	4,665	5,400	5,400	5,400	--	---	--	---
CTG, CAL .50, LKD 4 BALL/1 TRCR W/M15A2LK	7,395	9,600	9,600	9,600	--	---	--	---

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
CTG, CAL .50, APIT, M20 LKD	3,026	4,000	4,000	4,000	--	---	--	---
CTG, CAL .50, BALL LKD	2,778	2,500	2,500	2,500	--	---	--	---
CTG, CAL .50, LKD 4 BALL/1 TRACER W/M9 LK	23,752	22,900	22,900	22,900	--	---	--	---
NATIONAL BOARD FOR RIFLE PRACTICE	--	---	-1,350	-1,350	--	-1,350	--	---
CTG, 20MM, LKD TP-T M220 SERIES MLB M14A2	3,028	9,700	11,300	11,300	+2,648	+1,600	--	---
CTG, 20MM, LKD 4 TP M55A2/1TP-T M220	1,202	3,300	5,300	5,300	+733	+2,000	--	---
CTG, 25MM, HEI-T M792 W/F	2,813	48,700	24,200	24,200	-1,415	-24,500	--	---
CTG, 25MM, TPT LKD M793 MLB M28	2,018	25,500	25,500	24,900	-46	-600	-46	-600
CTG, 30MM, LKD TP M788	260	2,400	2,400	2,400	--	---	--	---
CTG, 40MM, HEDP M430	2,673	28,700	28,700	19,500	-857	-9,200	-857	-9,200
CTG 40MM TP F/MK19	541	7,500	7,500	7,500	--	---	--	---
CTG, 40MM, PRAC M781	2,363	3,600	10,200	10,200	+4,307	+6,600	--	---
CTG,40MM, RED SMOKE MARKER	133	1,800	1,800	1,800	--	---	--	---
CTG,40MM, GREEN SMOKE MARKER	141	1,900	1,900	1,900	--	---	--	---
CTG,40MM, YELLOW SMOKE MARKER	139	1,900	1,900	1,900	--	---	--	---
CTG, 81MM: ILLUM XM853	12	3,400	3,400	3,400	--	---	--	---
CTG, 81MM: HE, M821 W/FUZE M734 MO	404	91,300	30,200	30,200	-270	-61,100	--	---
CTG, 81MM: SMOKE, RP, XM819	45	11,000	6,000	11,000	--	---	+21	+5,000
CTG, 81MM: 1/10 RNG, PRAC,XM880	41	2,900	2,900	2,900	--	---	--	---
CTG, 4.2-IN HE M329A2 W/O FUZE	247	22,000	22,000	22,000	--	---	--	---
CTG, 120MM: HE, XM933, W/FUZE M734 MO	126	44,700	23,500	23,500	-60	-21,200	--	---
CTG,120MM: ILLUM, XM930	11	5,500	3,600	3,600	-4	-1,900	--	---
CTG,120MM: SMOKE, XM929	29	14,300	7,400	7,400	-13	-6,900	--	---

CTG, 105MM, HEAT MP T M456A2	19	7,700	---	---	-19	-7,700	--	---
CTG, 105MM, HEAT MP T M456A2 (GENERAL REDUCTION)	--	---	-39,562	---	--	---	--	+39,562
CTG, 105MM, HEAT MP T M456A2 (BY TRANSFER)	--	---	(39,562)	---	--	---	--	(-39,562)
CTG, 105MM, TP-T, M490	--	---	---	32,000	+241	+32,000	+241	+32,000
TG, 105MM, DS-TP M724	274	41,600	41,600	41,600	--	---	--	---
CTG, 105MM, APFSDS-T M833	41	20,300	20,300	20,300	--	---	--	---
CTG, 120MM APFSDS-T M829	62	75,900	75,900	75,900	--	---	--	---
CTG, 120MM HEAT-MP-T,M830(MYP)	15	27,800	27,800	27,800	--	---	--	---
CTG, 120MM TPCSDS-T, M865(MYP)	174	104,900	92,500	92,500	-21	-12,400	--	---
PROJ,155MM,HE,ICM M483	441	173,000	87,900	173,000	--	---	+217	+85,100
PROJ, 155M, SMK, WP, M825	52	13,500	22,900	22,900	+36	+9,400	--	---
PROJ,155MM,HE,ADAM M731	9	33,900	33,900	39,600	+2	+5,700	+2	+5,700
PROJ, 155MM, HE, RAAMS M718	9	11,900	8,800	8,800	--	-3,100	--	---
PROJ, 155MM, HE, RAAMS M741	74	105,400	65,400	40,900	-47	-64,500	-17	-24,500
PROJ, 155MM, BASEBLEED, XM864	35	31,600	31,600	31,600	--	---	--	---
PROJ, 155M, HE, COPPERHEAD (EA)	220	8,200	8,200	18,200	--	+10,000	--	+10,000
CHARGE, PROPELLING, M155MM, GREEN BAG M3	866	38,000	26,300	26,300	-266	-11,700	--	---
CHARGE, PROPELLING, M155MM, RED BAG M203	77	20,000	6,500	20,000	--	---	+52	+13,500
CHARGE, PROPELLING, M155MM, RED BAG M119	637	55,600	45,100	55,600	--	---	+120	+10,500
PROJ, 8-INCH, HE, ICM (DP), M509	--	---	---	86,700	+90	+86,700	+90	+86,700
PROJ, 8-INCH, HE, RAP, M650	36	37,300	23,800	23,800	-13	-13,500	--	---
CHARGE, PROPELLING, 8-INCH WB, M188	22	4,000	---	---	-22	-4,000	--	---
FUZE, PD M739/M739A1	--	---	9,700	9,700	+480	+9,700	--	---
FUZE, MTSQ M577/M577A1	207	11,700	15,100	15,100	+60	+3,400	--	---
FUZE, MTSQ M582/M582A1	191	11,200	11,200	11,200	--	---	--	---
PRIMER, PERC, M82	970	1,800	3,000	3,000	+694	+1,200	--	---
GROUND IMP MINE SCAT SYS AP M74(MYP)	--	---	---	8,600	--	+8,600	--	+8,600
GROUND IMP MINE SCAT SYS AT M75(MYP)	--	---	---	20,600	--	+20,600	--	+20,600
CANISTER MINE PRACTICE XM88 (VOLCANO)	8	1,900	---	1,900	--	---	+8	+1,900
CANISTER MINE (VOLCANO) XM87	16	31,600	---	31,600	--	---	+16	+31,600
MTR RKT 5 IN MK22 MOD4	4,048	13,300	9,100	9,100	-1,278	-4,200	--	---

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
LINE CHARGE M58A3 (MICLIC)............................	2,307	24,400	23,300	23,300	-104	-1,100	--	---
MODUALR PACK MINE SYSTEM..............................	1,940	23,400	23,400	23,400	--	---	--	---
PURSUIT DETERRENT MUNITION............................	11	2,100	2,100	2,100	--	---	--	---
DEMOLITION MUNITIONS & OTHER..........................	--	13,700	13,700	13,700	--	---	--	---
LIGHTWEIGHT MULTI-PURPOSE WEAPON......................	136	82,500	69,500	69,500	-54	-13,000	--	---
LIGHT WGT MULTI PURPOSE SYSTEM TRNR...................	963	2,500	2,500	7,300	+447	+4,800	+447	+4,800
HYDRA 70 RKT, MPSM PRAC M267 WHD......................	4	2,700	21,600	21,600	+38	+18,900	-4	---
HYDRA 70 RKT, HE/PD (M151/M423/MK66)..................	185	44,800	52,500	52,500	+15	+7,700	--	---
HYDRA 70 RKT, ILLUM M257 WHD..........................	--	---	19,600	19,600	+27	+19,600	--	---
HYDRA 70 SMOKE..	--	---	13,700	13,700	+28	+13,700	--	---
GRENADE, HAND, ALL TYPES..............................	--	27,400	27,400	27,400	--	---	--	---
GREN SMK SCREENING RP L8A1/L8A3.......................	150	6,300	2,100	2,100	-100	-4,200	--	---
GRENADE, SMOKE SCREENING IR M76.......................	91	9,000	9,000	9,000	--	---	--	---
SIGNALS, ALL TYPES....................................	--	18,000	18,000	20,900	--	+2,900	--	+2,900
SIMULATORS, ALL TYPES.................................	--	4,300	8,700	11,500	--	+7,200	--	+2,800
MISCELLANEOUS								
AMMO COMPONENTS/SUPPORT, ALL TYPES....................	--	20,300	20,300	20,300	--	---	--	---
CAD/PAD...	--	2,500	2,500	2,500	--	---	--	---
ITEMS LESS THAN $2.0M (MISC-AMMO).....................	--	5,200	6,700	6,700	--	+1,500	--	---
SPARES AND REPAIR PARTS...............................	--	1,200	1,200	1,200	--	---	--	---
AMMUNITION PECULIAR EQUIPMENT.........................	--	7,800	6,300	7,800	--	---	--	+1,500
NITROGUANIDINE (LB)...................................	--	23,200	---	23,200	--	---	--	+23,200

COMP A-5	--	12,200	---	12,200	--	---	--	+12,200
COMP C-4	--	9,500	---	8,000	--	-1,500	--	+8,000
PBX 0280	--	3,800	---	3,800	--	---	--	+3,800
COMP LX-14	--	3,800	---	3,800	--	---	--	+3,800
HMX EXPL-805	--	5,700	---	5,700	--	---	--	+5,700
AMMO 9MM/ELT	--	1,600	1,600	1,600	--	---	--	---
CLASSIFIED PROGRAMS	--	99,400	38,800	99,400	--	---	--	+60,600
GENERAL INCREASE, AMMUNITION	--	---	358,000	---	--	---	--	-358,000
TOTAL, AMMUNITION		1,900,100	1,799,188	1,880,750		-19,350		+81,562
AMMUNITION PRODUCTION BASE SUPPORT								
PRODUCTION BASE SUPPORT								
PROVISION OF INDUSTRIAL FACILITIES	--	159,000	108,400	159,000	--	---	--	+50,600
COMPONENTS FOR PROVE-OUT	--	8,700	8,700	8,700	--	---	--	---
LAYAWAY OF INDUSTRIAL FACILITIES	--	22,900	22,900	22,900	--	---	--	---
JEFFERSON PROVING GROUND MODERNIZATION	--	2,200	2,200	2,200	--	---	--	---
PRODUCTION BASE MODERNIZATION	--	161,100	58,300	189,600	--	+28,500	--	+131,300
GENERAL INCREASE, PRODUCTION BASE	--	---	87,000	---	--	---	--	-87,000
TOTAL, AMMUNITION PRODUCTION BASE SUPPORT		353,900	287,500	382,400		+28,500		+94,900
INFLATION SAVINGS, FY87	--	---	-17,700	-24,000	--	-24,000	--	-6,300
PROFIT POLICY CHANGE	--	---	---	-9,450	--	-9,450	--	-9,450
TOTAL, PROCUREMENT OF AMMUNITION, ARMY		2,254,000	2,068,988	2,229,700		-24,300		+160,712
TRANSFER FROM OTHER ACCOUNTS		---	(39,562)	---		---		(-39,562)
TOTAL FUNDING AVAILABLE		2,254,000	2,108,550	2,229,700		-24,300		+121,150

pects to receive the report, it believes that it has sufficient information to recommend the full amount.

Approval of this action is necessary now because the Army has a shortfall of 600,000 rounds per month in full mobilization production of the 155 mm HE ICM M483. The full mobilization requirement is 740,000 rounds per month and the current capability without Mississippi AAP is only 140,000 rounds per month or 19 percent of the requirement. With Mississippi producing at full design capacity on a 3–8–5 basis, the total capability becomes 260,000 rounds per month. Furthermore, the Army advises that the M483 round will remain the principal conventional artillery munition for many years.

To finance this urgent requirement, the Committee notes that Senate authorization action provided an unspecified add of $51,300,000 on the provisions for industrial facilities line. In light of the critical need to establish the mobilization capacity at Mississippi, the Committee proposes that the $51,300,000 be used for production base modernization to include the Mississippi projects.

Accordingly, the Committee recommends the budgeted amount of $159,000,000 for provision of industrial facilities. This allowance includes $20,000,000 for metal parts production equipment for chemical weapons.

For production base modernization, the Committee recommends an allowance of $189,600,000 that fully funds the Army's highest priority projects proposed, as follows:

Mississippi AAP projects	$130,200,000
Iowa AAP M55 detonator loader replace modern	1,500,000
Radford AAP TNT line voids	2,000,000
Commercial 120mm combust case expansion	10,600,000
Items less than $900,000	800,000
New Bedford forge room equip	7,000,000
Waterloo forge room equip	8,700,000
Holston AAP nitro acid tanks	200,000
Omnibus design	28,600,000
Total	189,600,000

The Committee has no objection to the obligation of the remaining fiscal year 1986 M483 ICM funds for prove-out and M483 production. The Committee directs the Army to reprogram any excess M483 fiscal year 1987 funds for further production base improvements, providing to Congress at that time the specific project descriptions and justifications. These changes should also be reflected in the 1988 budget submission.

Badger Army ammunition plant.—The Committee notes that the next projects that it would fund, if additional funds were available, are for equipment voids/replacement and correction of sulfuric acid regeneration deficiencies at the Badger AAP. The Army is encouraged to resubmit these $8,000,000 in projects for approval as soon as possible.

OTHER ADJUSTMENTS

Inflation.—The Committee recommends a reduction of $24,000,000 from the budget request for inflation adjustments. This is $6,300,000 below the House reduction and is based on an anticipated inflation rate of 3 percent in fiscal year 1987 instead of 4.1 percent included in the budget request.

Profit policy change.—The Committee recommends a reduction of $9,450,000 based on new profit policies to be in effect during fiscal year 1987

ITEMS OF SPECIAL INTEREST

Hydra-70/2.75-inch rocket.–The Committee has repeatedly endorsed the procurement of the HYDRA-70 as the most suitable 2.75-inch rocket system to meet the needs of the Army, Navy, Air Force, and Marine Corps. In view of the recent requirement to utilize nonexplosive training ammunition with adequate signature to enable their use on modern instrumented ranges, the Committee was informed of a successful Army initiative to develop, test, and type classify standard, the M-274 practice rocket to replace the M-151 high explosive rocket for training. The Committee supports the M-274 initiative and urges the military services to initiate production utilizing funds from available HYDRA-70 and 2.75-inch appropriations.

M577A1 and M582A2 fuses.—The Committee understands that there is a potential problem in maintaining the two production sources for these two mechanical fuses. Even though there is a new electronic fuse being developed and introduced, the Committee believes that the dip in production rate this year will be a temporary condition, particularly in light of the need for more fuses than projectiles in inventory.

The Committee has funded the extra $3,400,000 and 60,000 fuses recommended in the Senate authorization action. However, that is not enough to sustain both producers. The Committee recommends that the Army reprogram within available funds to meet this end.

OTHER PROCUREMENT, ARMY

1986 appropriation	$5,275,556,000
1986 adjusted	5,018,700,000
1987 budget estimate	6,169,000,000
House allowance	4,641,811,000
Committee recommendation	5,286,825,000

The Committee recommends an appropriation of $5,286,825,000, a decrease of $882,175,000 below the President's budget and $645,014,000 more than the House allowance.

This appropriation finances the acquisition of: (*a*) tactical and commercial vehicles including trucks, semitrailers, and trailers of all types to provide mobility to field forces and the Army logistical system; (*b*) communications and electronics equipment of all types to provide fixed, semifixed, and mobile strategic and tactical communications equipment; (*c*) other support equipment such as chemical defensive equipment, tactical bridging, maintenance shop sets, construction equipment, floating and rail equipment, generators and power units, material handling equipment, medical support equipment, special equipment for user testing, and nonsystem training devices. In each of these activities, funds are also included for modification of in-service equipment, investment spares and repair parts, and production base support.

COMMITTEE RECOMMENDED PROGRAM

The following table details the Committee recommendation in comparison to the budget request and the House-reported allowance.

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
OTHER PROCUREMENT, ARMY								
TACTICAL AND SUPPORT VEHICLES								
TACTICAL VEHICLES								
CHASSIS TRAILER GEN 2 1/2 TON 2W M200A1	908	4,100	4,100	4,100	--	---	--	---
CHASSIS, TRAILER, GP, 3 1/2T, 2W, M353	618	3,700	---	3,700	--	---	+618	+3,700
DOLLY SET, TRANS SHELTER, 7 1/2T, M1022	219	6,200	6,200	6,200	--	---	--	---
MOTORCYCLE, GED, 2W, ROUGH TERRAIN	2,732	7,100	---	7,100	--	---	+2,732	+7,100
SEMITRAILER BB/CONT 34T M872 C/S	286	6,400	6,400	6,400	--	---	--	---
SEMITRAILER, LOW BED, 40T M870 (C/S)	73	1,900	1,900	1,900	--	---	--	---
SEMITRAILER, TANK, 5000G	172	8,800	8,800	8,800	--	---	--	---
SEMITRAILER, TANK, 7500G, BULKHAUL	187	7,300	---	7,300	--	---	+187	+7,300
SEMITRAILER VAN SUPPLY 12T, 2W, M129A2C	242	7,000	---	7,000	--	---	+242	+7,000
TRAILER, CARGO 3/4T, 2W, M101A2 W/E	1,476	5,600	5,600	5,600	--	---	--	---
TRAILER, HEAVY, EXPANDED MOBILITY	286	7,400	5,400	7,400	--	---	+79	+2,000
TRAILER TANK WATER 400G 1 1/2T 2W M149A1	966	5,900	5,900	5,900	--	---	--	---
HI MOB MULTI-PURP WHLD VEH (HMMWV)(MYP)	12,842	330,600	330,600	330,600	--	---	--	---
SMALL UNIT SUPPORT VEHICLE (SUSV)	241	26,200	13,800	---	-241	-26,200	-241	-13,800
TRUCK, 5T, 6X6, ABT (MYP) (GENERAL REDUCTION)	--	---	-119,800	---	--	---	--	+119,800
TRUCK, 5T, 6X6, ABT (MYP) (BY TRANSFER)	--	---	(119,800)	---	--	---	--	(-119,800)
TRUCK, 10T, 8X8, ABT (MYP)	1,523	234,300	284,300	184,300	-319	-50,000	-569	-100,000
MODIFICATION OF IN-SERVICE EQUIPMENT	--	3,800	---	3,800	--	---	--	+3,800

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
SHOP EQUIPMENT, AUTO MAINT & REP........................	306	2,500	2,500	2,500	--	---	--	---
ITEMS LESS THAN $2.0M (TAC VEH)........................	--	1,900	1,900	1,900	--	---	--	---
NON-TACTICAL VEHICLES								
PASSENGER CARRYING VEHICLES............................	480	13,800	---	13,800	--	---	+480	+13,800
GENERAL PURPOSE VEHICLES...............................	2,246	34,900	---	34,900	--	---	+2,246	+34,900
SPECIAL PURPOSE VEHICLES...............................	639	9,700	---	9,700	--	---	+639	+9,700
SUPPORT EQUIPMENT AND FACILITIES								
SPARES AND REPAIR PARTS................................	--	136,600	136,600	136,600	--	---	--	---
TOTAL, TACTICAL AND SUPPORT VEHICLES.................		865,700	694,200	789,500		-76,200		+95,300
COMMUNICATIONS AND ELECTRONICS EQUIPMENT								
TELECOMM EQUIP - READ CMD COMM								
JCSE EQUIPMENT (USREDCOM)..............................	--	1,800	1,200	1,800	--	---	--	+600
CINCS INITIATIVE.......................................	--	4,100	4,100	---	--	-4,100	--	-4,100
CLASSIFIED PROJECT 9WW.................................	--	9,100	9,100	9,100	--	---	--	---
TELECOMM EQUIP - JOINT TACTICAL COMM PR								
MOD RCRD TFC TERM (MRTT)...............................	--	31,900	---	---	--	-31,900	--	---
MOD RCRD TFC TERM (MRTT) (BY TRANSFER)..............	--	---	(18,300)	---	--	---	--	(-18,300)
DIG GROUP MULTIIPLEXER (DGM)...........................	--	10,800	---	---	--	-10,800	--	---
RPTR/TERM ASSMBLGS.....................................	--	19,900	19,900	19,900	--	---	--	---

RADIO TERMINALS AN/TRC-170............................	--	32,400	32,400	32,400	--	---	--	---
MAINTENANCE SYSTEM AN/ARM-164.........................	--	3,300	3,300	3,300	--	---	--	---
UNIT LEVEL SWITCHES...................................	--	12,200	---	---	--	-12,200	--	---
COM SYS CON EL AN/TYQ-16..............................	--	23,600	23,600	23,600	--	---	--	---
DIG NSEC VTER TA-954..................................	4,600	3,900	3,900	3,900	--	---	--	---
ANDVT-TAC TERM, CV-3591...............................	159	3,900	3,900	3,900	--	---	--	---
LIGHTWEIGHT DIGITAL FACSIMILE.........................	85	1,200	---	1,200	--	---	+85	+1,200
MOB SUBSCRIBER EQUIP..................................	--	903,700	903,700	903,700	--	---	--	---
MOD OF IN-SVC EQ (TRI-TAC)............................	--	9,900	9,900	9,900	--	---	--	---
TELECOMM EQUIP-COMBAT SUPPORT COMM								
SINCGARS..	16,000	204,000	---	10,000	-16,000	-194,000	--	+10,000
HAND CRANK GENERATOR, G-76............................	358	2,500	2,500	2,500	--	---	--	---
IMP HF RADIO FAMILY...................................	--	11,100	---	11,100	--	---	--	+11,100
OPTICAL LONG HAUL TRAN SYS............................	620	9,300	9,300	9,300	--	---	--	---
PWR SUPPLY PP-6148/U..................................	609	4,000	4,000	4,000	--	---	--	---
SOF MOD RADIOS..	--	4,500	4,500	4,500	--	---	--	---
ANTENNA GROUP OE-254..................................	13,540	6,500	6,500	---	-13,540	-6,500	-13,540	-6,500
SMALL UNIT TRANSCEIVER................................	--	3,700	3,700	3,700	--	---	--	---
VEHICULAR INTERCOM SYSTEM.............................	100	10,200	---	---	-100	-10,200	--	---
MOD OF IN-SVC EQUIP (CSC).............................	--	26,400	19,500	26,400	--	---	--	+6,900
RDF COMM(S.W. ASIA)...................................	--	14,900	14,900	14,900	--	---	--	---
ITEMS LESS THAN $2.0M (CSC-C-E).......................	--	5,900	5,900	5,900	--	---	--	---
SPEC OPS COMM SUP ELMT................................	--	15,200	15,200	15,200	--	---	--	---
TELECOMM EQUIP - NMCS WIDE SUPPORT, ARM								
SECURE CONFERENCING PROJECT...........................	--	4,500	4,500	4,500	--	---	--	---
TELECOMM EQUIP - STARCOM NON-DCS								
AR TELECOM AUTO PR (ATCAP)............................	--	3,200	3,200	3,200	--	---	--	---
C-E FACILITIES/PROJECTS...............................	--	4,700	4,700	4,700	--	---	--	---

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
SOUTHCOM C3 UPGRADE	--	16,000	11,600	16,000	--	---	--	+4,400
ELECTROMAG COMP PROG(EMCP)	--	500	500	500	--	---	--	---
LONG-HAUL COM (DCS)								
TRANSMISSION MEDIA (EUCOM)	--	11,100	11,100	11,100	--	---	--	---
TRANSMISSION MEDIA (PACOM)	--	15,800	15,800	15,800	--	---	--	---
WW TECH CON IMP PR(WWTCIP)	--	2,700	2,700	2,700	--	---	--	---
TELECOMM EQUIP - SATCOM-GRD ENVIRON								
DIGITAL EQUIPMENT (DSCS)	--	29,300	29,300	29,300	--	---	--	---
INTERCONNECT FACILITY (DSCS)	--	2,200	2,200	2,200	--	---	--	---
JAM RESISTANT SECURE COM (JRSC)	--	9,300	9,300	9,300	--	---	--	---
DSCS OPERATIONS CONTROL SYS (DOCS)	--	80,300	41,100	72,800	--	-7,500	--	+31,700
MPK SAT UHF TERM, AN/PSC-3	115	5,000	5,000	5,000	--	---	--	---
VEH SAT UHF TERM, AN/VSC-7	30	1,400	1,400	1,400	--	---	--	---
MOD IN-SVC EQUIP (TAC SAT)	--	7,000	7,000	7,000	--	---	--	---
TELECOMM EQUIP - EUCOM C3 SYSTEM								
EUCOM C3 (NWS)	--	68,400	68,400	68,400	--	---	--	---
PACOM C3(NWS)	--	13,000	---	11,000	--	-2,000	--	+11,000
EUCOM ALTERNATE SPT HQ (ASH)	--	3,800	3,800	3,800	--	---	--	---
USAREUR C2 PROJECT	--	7,700	7,700	7,700	--	---	--	---

TELECOMM EQUIP - COMSEC EQUIPMENT								
AUTO KEY DC KGX-93/TSEC..............................	--	4,100	4,100	4,100	--	---	--	---
SEC VD IMPRV PRG (COMSEC)...........................	--	13,700	13,700	13,700	--	---	--	---
DED LOOP ENCRYP DEV KG-84............................	4,155	18,700	18,700	22,200	--	+3,500	--	+3,500
TNK ENCRP DEV TSEC/KG-93.............................	208	2,100	2,100	2,100	--	---	--	---
TSEC/KG-94...	--	12,300	12,300	12,300	--	---	--	---
KEY GENERATOR, TSEC/KG-87...........................	30	1,800	1,800	1,800	--	---	--	---
COMSEC MODULE, TSEC/KGV-13.........................	753	19,900	19,900	10,000	--	-9,900	--	-9,900
FREQ MODULE, KGV-10/TSEC............................	18,200	9,100	---	---	-18,200	-9,100	--	---
TSEC/KYV-5 (VACTOR) SECURE EQUIP....................	89	500	500	500	--	---	--	---
TEMPEST (COMSEC)..	--	700	700	700	--	---	--	---
KDK-13/TSEC (KDC).......................................	21	1,900	1,900	1,900	--	---	--	---
TSEC/KGV-8 (THORNTON) SECURE MODULE..................	17	600	600	600	--	---	--	---
TSEC/KGV-11/SECURE MODULE............................	--	1,400	1,400	---	--	-1,400	--	-1,400
ITEMS LESS THAN $2.0M (COMSEC)........................	--	11,700	8,200	9,700	--	-2,000	--	+1,500
TELECOMM EQUIP - BASE COMM								
BASE COMM (CONUS).......................................	--	35,800	35,800	35,800	--	---	--	---
LOCAL AREA NETWORK (LAN)...............................	--	1,700	1,700	1,700	--	---	--	---
BASE COMM (EUCOM).......................................	--	7,900	7,900	7,900	--	---	--	---
BASE COMM (PACOM).......................................	--	1,600	1,600	1,600	--	---	--	---
ARMY OPNS CTR..	--	4,300	4,300	4,300	--	---	--	---
PENTAGON TELECOM CTR (PTC)............................	--	4,100	4,100	4,100	--	---	--	---
TMDE FOR TELECOMM								
TMDE MODERNIZATION......................................	--	16,900	16,900	16,900	--	---	--	---
OTHER ELECT SYS/EQUIP - INTELLIGENCE SU								
4TH PSYOP GROUP..	--	12,500	12,500	12,500	--	---	--	---
TAC ELEC SURV SYS..	--	4,000	4,000	4,000	--	---	--	---

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
MOD IN SER EQ (INT SPT) TIARA........................	--	37,300	37,300	37,300	--	---	--	---
ITEMS LESS THAN $2.0M (INT SPT-C-E)..................	--	500	500	500	--	---	--	---
FT DEVENS TRAINING SUPPORT...........................	--	400	400	400	--	---	--	---
OTHER ELECT SYS/EQUIP - GEN DEF INTEL P								
OTHER ELECT SYS/EQUIP - AUTO DATA PROCE								
VERT INSTL AUTO BASELINE (VIABLE-BASOPS)..............	--	41,800	---	41,800	--	---	--	+41,800
BATTERY COMPUTER SYSTEM...............................	66	11,000	11,000	11,000	--	---	--	---
AMC FIVE YEAR ADP PROGRAM.............................	--	4,000	---	4,000	--	---	--	+4,000
ARMY DATA DISTRIBUTION SYSTEM-ADDS....................	--	75,500	32,652	45,500	--	-30,000	--	+12,848
TRADOC AUTOMATION.....................................	--	3,700	3,700	3,700	--	---	--	---
USAREUR TACTICAL AUTOMATION...........................	--	2,000	2,000	2,000	--	---	--	---
LIFE CYCLE SOFTWARE SUP. (LCSS).......................	--	9,100	9,100	9,100	--	---	--	---
ADPE FOR NON TAC MGT INFO SYS.........................	--	40,400	57,900	40,400	--	---	--	-17,500
SUPERCOMPUTERS..	--	22,900	---	22,900	--	---	--	+22,900
ARMY CORPORATE DATABASE...............................	--	900	---	900	--	---	--	+900
PROJECT 80X PHASE II..................................	--	12,900	12,900	12,900	--	---	--	---
TRANS OF PERS PROP....................................	--	2,900	---	2,900	--	---	--	+2,900
STD ARMY AUTO CONTRACT SY.............................	--	6,800	6,800	6,800	--	---	--	---
FIRE SUPPORT TEAM DIGITAL MESSAGE.....................	381	17,000	---	17,000	--	---	+381	+17,000
FORWARD ENTRY DEVICE..................................	--	12,000	12,000	12,000	--	---	--	---
MANUEVER CONTROL SYS..................................	--	56,900	---	56,900	--	---	--	+56,900

CORPS/THEATER ADP SVC CTR (CTASC)	--	9,700	9,700	9,700	--	---	--	---
TACT ARMY CMBT COMPT SY(TACCS)	1,960	42,900	42,900	15,900	-1,240	-27,000	-1,240	-27,000
CSS LOG APPLC AUTO MARK/READ SYMBS(LOG MARS	--	11,400	9,600	11,400	--	---	--	+1,800
WWMCCS INFORMATION SYSTEM (WIS)	--	36,200	36,200	36,200	--	---	--	---
AUDIO VISUAL								
AFRTS (AUDIO VISUAL)	--	8,000	8,000	8,000	--	---	--	---
ITEMS LESS THAN $2,000,000 (A/V-C-E)	--	9,100	---	9,100	--	---	--	+9,100
TACJAM, AN/MLQ-34	--	33,000	33,000	33,000	--	---	--	---
OTHER ELECT SYS/EQUIP - ELECTRONIC WARF								
MOD IN-SVC EQUIP (EW)	--	8,300	8,300	8,300	--	---	--	---
ITEMS LESS THAN $2.0M (EW-C-E)	--	800	800	800	--	---	--	---
OTHER ELECT SYS/EQUIP - TACTICAL ELECTR								
BATTERY CHARGER PP-7286/U	535	3,000	3,000	3,000	--	---	--	---
POWER SUPPLY, PP-6224	2,400	3,200	3,200	3,200	--	---	--	---
COMPUTER/INDICATOR, CP-696/PD	1,102	3,700	3,700	3,700	--	---	--	---
METEROLOGICAL DATA SYS (FAMAS)	20	32,800	---	---	-20	-32,800	--	---
HAND HELD LASER RANGEFINDER AN/GVS-5	1,085	6,800	6,800	6,800	--	---	--	---
INTRUSION DETECTION DEVICES	--	20,800	20,800	20,800	--	---	--	---
NAVSTAR GLOBAL POSITIONING SYSTEM	377	5,200	5,200	5,200	--	---	--	---
POSITION/AZIMUTH DETERMINING SYS (PADS)	107	35,700	---	35,700	--	---	--	+35,700
NIGHT VISION GOGGLES	--	63,200	63,200	63,200	--	---	--	---
NIGHT VISION SIGHT INDIV WPN AN/PVS-4	3,947	10,000	10,000	10,000	--	---	--	---
POS LOCATION REPORTING SYS (PLRS) (MYP)	--	4,000	---	4,000	--	---	--	+4,000
RADIAC SET AN/VDR-2	3,459	4,000	4,000	4,000	--	---	--	---
RPV TA/DESIGN AERIAL RECON SYS (TADARS)	--	117,700	67,500	50,000	--	-67,700	--	-17,500
JOINT STARS (ARMY)	--	63,400	---	43,400	--	-20,000	--	+43,400
SHOP SHELTER MTD ASM-189	37	2,200	2,200	2,200	--	---	--	---
SHOP SHELTER MDT-REP AN/ASM-146	63	2,100	2,100	2,100	--	---	--	---

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty.	Amount			Qty.	Amount	Qty.	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
MODIFICATION OF IN-SERVICE EQ (TAC EL)	--	38,500	38,500	38,500	--	---	--	---
ITEMS LESS THAN $2,000,000 (TACT ELEC-C-E)	--	8,400	8,400	8,400	--	---	--	---
TMDE FOR TACTICAL ELECTRONICS								
TMDE FOR STE/ICE	1,386	6,500	6,500	6,500	--	---	--	---
CORE ELECTRONIC AUTO TEST (STE-X)	39	3,000	3,000	3,000	--	---	--	---
OTHER ELECT SYS/EQUIP - SUP EQUIP AND F								
SPARES AND REPAIR PARTS	--	183,200	151,086	173,200	--	-10,000	--	+22,114
SPARES AND REPAIR PARTS	--	11,400	11,230	11,400	--	---	--	+170
SPARES AND REPAIR PARTS	--	260,300	193,100	260,300	--	---	--	+67,200
SPECIAL PROGRAMS	--	115,800	102,800	115,800	--	---	--	+13,000
PRODUCTIVITY INVESTMENT FUNDING	--	31,100	31,100	31,100	--	---	--	---
PROD ENHANCING CAP INVESTMENT PROG (PECIP)	--	21,800	21,800	21,800	--	---	--	---
PRODUCTION BASE SUPPORT (C-E)	--	8,100	8,100	8,100	--	---	--	---
CLASSIFIED PROGRAMS	--	251,600	186,186	236,825	--	-14,775	--	+50,639
TOTAL, COMMUNICATIONS AND ELECTRONICS EQUIPMENT		3,698,000	2,793,254	3,197,625		-500,375		+404,371
OTHER SUPPORT EQUIPMENT								
CHEMICAL DEFENSIVE EQUIPMENT								
DECONTAMINATE APP PWR DR LT WT XM17	343	3,900	3,900	3,900	--	---	--	---
MASK, PROTECTIVE, NBC	66,884	19,900	19,900	---	-66,884	-19,900	-66,884	-19,900

SIMP COLL PROT EQUIP XM20.............................	445	4,100	4,100	4,100	--	---	--	---
AUTO CHEMICAL AGENT ALARM (ACADA), XM22...............	346	9,000	9,000	9,000	--	---	--	---
GEN SET, SMOKE, MECH: PUL JET,XM157...................	247	7,000	7,000	7,000	--	---	--	---
BRIDGING EQUIPMENT								
RIBBON BRIDGE ERECTION BOAT...........................	144	19,200	17,600	19,200	--	---	--	+1,600
RIBBON BRIDGE ERECTION BOAT (BY TRANSFER)...........	--	---	(1,600)	---	--	---	--	(-1,600)
BRIDGE, FLOAT-RIBBON, INTERIOR BAY....................	194	7,200	7,200	7,200	--	---	--	---
BRIDGE, FLOAT-RIBBON, RAMP............................	78	3,200	3,200	3,200	--	---	--	---
BRIDGE, FLOAT-RIBBON, TRANSPORTER.....................	165	18,200	18,200	18,200	--	---	--	---
ITEMS LESS THAN $2.0M(BRIDGING).......................	--	1,300	1,300	1,300	--	---	--	---
ENGINEER (NON-CONSTRUCTION) EQUIPMENT								
GEMSS AUX MINE DISPNSR XM138 (FLIPPER)................	444	3,900	3,900	3,900	--	---	--	---
DISPENSER MINE XM139..................................	6	1,700	---	1,700	--	---	+6	+1,700
MARKING SYS, CLEAR LANE...............................	88	3,200	3,200	3,200	--	---	--	---
DETECTING SET, MINE, AN/PSS-12........................	4,665	4,900	4,900	4,900	--	---	--	---
MINE PLOW...	135	5,500	5,500	5,500	--	---	--	---
MINE CLEARING ROLLER..................................	55	3,700	3,700	3,700	--	---	--	---
REMOTE CONTROL UNIT(MOPMS)............................	1,560	9,800	9,800	9,800	--	---	--	---
SURVEY SET DISTANCE MEASURING INFRARED................	278	2,800	2,800	2,800	--	---	--	---
M-9 ARMORED COMBAT EARTHMOVER (ACE) (MYP).............	21	30,400	30,400	26,200	--	-4,200	--	-4,200
ITEMS LESS THAN $2.0M(ENG NON-CONST)..................	--	900	900	900	--	---	--	---
COMBAT SERVICE SUPPORT EQUIPMENT								
AIR CONDITIONERS VARIOUS SIZE/CAPACITIES..............	--	32,200	32,200	32,200	--	---	--	---
FIELD KITCHEN,MOBILE, TRL MTD.........................	836	13,100	13,100	13,100	--	---	--	---
MODULAR FIELD KITCHEN.................................	465	11,600	11,600	11,600	--	---	--	---
DIVING EQUIPMENT......................................	--	1,800	1,800	1,800	--	---	--	---
FIRETRUCKS..	--	16,000	16,000	16,000	--	---	--	---
LAUNDRY UNIT/TRL MTD..................................	110	7,300	7,300	7,300	--	---	--	---

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty.	Amount			Qty.	Amount	Qty.	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TAG PRINTING AND BINDING EQUIPMENT......................	--	4,300	4,300	4,300	--	---	--	---
ITEMS LESS THAN $2.0M (CSS-EQ).........................	--	11,300	11,300	11,300	--	---	--	---
MODIFICATIONS OF IN SERVICE EQUIP (CSE)...............	--	8,900	8,900	8,900	--	---	--	---
PETROLEUM EQUIPMENT								
TANK ASSEMBLY FAB COLL POL 50000 G......................	282	4,600	4,600	4,600	--	---	--	---
FORWARD AREA REFUELING EQUIPMENT (FARE)...............	300	2,800	2,800	2,800	--	---	--	---
TANK ASSEMBLY FAB COLLAPSIBLE POL 10000G..............	600	6,600	6,600	6,600	--	---	--	---
TANK ASSY, FAB COLLAPS, 20,000 GAL POL................	652	6,300	6,300	6,300	--	---	--	---
TANK/PUMP UNIT LIQ DISP F/TRK MOUNTING................	109	1,000	1,000	1,000	--	---	--	---
LABORATORY,PETROLEUM,SEMI-TRLR MTD.....................	3	3,200	3,200	3,200	--	---	--	---
PUMP ASSY LIQ GAS WHL 4 IN OUT 350 GPM................	744	12,200	12,200	12,200	--	---	--	---
SWA PETROLEUM DISTRIBUTION SYSTEM......................	--	39,300	13,757	39,300	--	---	--	+25,543
ITEMS LESS THAN $2.0M (POL)............................	--	6,700	6,700	6,700	--	---	--	---
WATER EQUIPMENT								
WTR PUR UNIT REV OS 3000 GPH (ROWPU)..................	80	33,900	33,900	13,900	--	-20,000	--	-20,000
WATER PUR UNIT, REV OSMOSIS, 600GPH (ROWPU)...........	111	29,500	29,500	9,500	--	-20,000	--	-20,000
TANK,FAB COLLAPS,3000 GAL,WATER(ONION)................	1,200	2,900	2,900	2,900	--	---	--	---
SMALL MOBILE WATER CHILLER (SMWC)......................	167	1,500	1,500	1,500	--	---	--	---
PUMP CENTRIFUGAL, 65GPM................................	1,230	2,100	2,100	2,100	--	---	--	---
ITEMS LESS THAN $2.0M (WATER EQ).......................	--	2,500	2,500	2,500	--	---	--	---

MEDICAL EQUIPMENT								
DEPLOYABLE MEDICAL SYSTEM (DMS).........................	--	88,800	10,000	88,800	--	---	--	+78,800
CBT SUP EQUIP MEDICAL................................	--	48,100	20,300	48,100	--	---	--	+27,800
MEDICAL SUPPORT EQUIPMENT...........................	--	70,800	70,800	70,800	--	---	--	---
MAINTENANCE EQUIPMENT								
WELDING SHOP, TRAILER MTD.............................	236	9,700	9,700	9,700	--	---	--	---
SHOP EQ ELECTRICAL RPR SEMI-TRL MTD...................	114	14,500	14,500	14,500	--	---	--	---
STEAM CLEANER...	930	5,000	5,000	5,000	--	---	--	---
E WELDING MACHINE ELEC ARC 350 AMP (CC-CP)............	510	5,700	5,700	5,700	--	---	--	---
BUILDING, PRE-FAB, RELOCATABLE........................	--	1,200	1,200	1,200	--	---	--	---
CALIBRATION SET SUPPORT...............................	--	12,700	11,700	12,700	--	---	--	+1,000
ITEMS LESS THAN $2.0M (MAINT EQ)......................	--	10,300	10,300	10,300	--	---	--	---
CONSTRUCTION EQUIPMENT								
TRACTOR FULL TRACKED LOW SPEED DD MED.................	357	73,600	45,000	23,600	--	-50,000	--	-21,400
SMALL EMPLACEMENT EXCAVATOR (SEE).....................	314	25,000	22,900	22,900	--	-2,100	--	---
MODS OF IN SERVICE EQUIP (CONST EQUIP)................	--	100	100	100	--	---	--	---
ITEMS LESS THAN $2.0M (CONST EQUIP)...................	--	700	700	700	--	---	--	---
RAIL FLOAT CONTAINERIZATION EQUIPMENT								
LANDING, CRAFT, UTILITY...............................	6	29,300	29,300	15,300	-3	-14,000	-3	-14,000
TUG INLAND AND COASTAL WATERWAYS......................	2	30,100	20,100	30,100	--	---	--	+10,000
LOGISTIC SUPPORT VESSEL (LSV).........................	1	19,900	---	---	-1	-19,900	--	---
CAUSEWAY SYSTEMS......................................	5	28,200	28,200	28,200	--	---	--	---
RAILWAY CAR, TANK, POL, 20000G........................	209	9,800	5,000	9,800	--	---	--	+4,800
MODIFICATIONS OF IN-SERV EQ (FLOAT/RAIL)..............	--	5,700	5,700	5,700	--	---	--	---
ITEMS LESS THAN $2.0M (FLOAT/RAIL)....................	--	1,000	1,000	1,000	--	---	--	---
GENERATORS								
GEN AND ASSOCIATED EQUIP..............................	5,912	115,900	115,900	105,900	--	-10,000	--	-10,000

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty.	Amount			Qty.	Amount	Qty.	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
MATERIEL HANDLING EQUIPMENT								
TRUCK, FORK LIFT, CBD, PT, 4000 LB	465	13,300	13,300	13,300	--	---	--	---
TRUCK, FORK LIFT, CBD, PT, 6000 LB	304	12,300	12,300	12,300	--	---	--	---
TRUCK, FORK LIFT, DE, PT, RT, 6000 LB	206	21,000	21,000	21,000	--	---	--	---
TRUCK, FORK LIFT, ELEC, SRT, 4000 LB	57	1,700	1,700	1,700	--	---	--	---
65 TON CRANE	91	42,600	42,600	30,000	--	-12,600	--	-12,600
ITEMS LESS THAN $2.0M (MHE)	--	2,400	2,400	2,400	--	---	--	---
SPARES AND REPAIR PARTS	--	54,400	35,700	54,400	--	---	--	+18,700
AREA ORIENTED DEPOT UPGRADE	--	60,500	---	22,000	--	-38,500	--	+22,000
PRODUCTION BASE SUPPORT (OTH)	--	34,400	34,400	34,400	--	---	--	---
OSD PRODUCTIVITY INVESTMENT FUNDING	--	4,900	4,900	4,900	--	---	--	---
SPECIAL EQUIPMENT FOR USER TESTING	--	13,300	13,300	13,300	--	---	--	---
ITEMS LESS THAN $2.0M (OTH SPT EQ)	--	1,000	1,000	1,000	--	---	--	---
HOST NATION SUPPORT - EUROPE	--	41,900	41,900	41,900	--	---	--	---
NATIONAL TRAINING CTR SUP	--	10,800	10,800	10,800	--	---	--	---
TRAINING DEVICES, NONSYSTEM	--	186,100	186,100	186,100	--	---	--	---
BCE (NCMI)	--	61,600	61,600	61,600	--	---	--	---
PECIP (NCMI)	--	6,500	6,500	6,500	--	---	--	---
QRIP (NCMI)	--	9,100	9,100	9,100	--	---	--	---
TOTAL, OTHER SUPPORT EQUIPMENT		1,605,300	1,324,257	1,394,100		-211,200		+69,843

AUTHORIZATION CHANGES

The Committee recommends the following reductions in accordance with Senate authorization action:

[In thousands of dollars]

	Budget request	Committee recommendation	Change from budget
10-ton HEMMT	234,300	184,300	-50,000
Aquila RPV	117,700	50,000	-67,700
Water purify unit 3000	33,900	13,900	-20,000
Water purify unit 600	29,500	9,500	-20,000
Tractors FT	73,600	23,600	-50,000
Generators	115,900	105,900	-10,000
65-ton crane	42,600	30,000	-12,600

RESTORED HOUSE ADJUSTMENTS

The Committee does not recommend accepting the following House adjustments:

[In thousands of dollars]

	Budget request	House recommendation	Committee recommendation
3.5 ton trailer	3,700		3,700
Motorcycles	7,100		7,100
7,500 gallon semitrailer	7,300		7,300
12 ton semitrailer	7,000		7,000
Heavy exp mob trailer	7,400	5,400	7,400
General reductions (prior-year dollars)		-119,800	
Tact vehicle mods	3,800		3,800
Passenger vehicles	13,800		13,800
General purpose vehicles	34,900		34,900
Special purpose vehicles	9,700		9,700
JCSE equipment	1,800	1,200	1,800
Lightweight digital facsimile	1,200		1,200
Improved high frequency radio	11,100		11,100
Mod CSC equipment	26,400	19,500	26,400
SOUTHCOM C-3	16,000	11,600	16,000
VIABLE-baseops	41,800		41,800
AMC 5-year ADP	4,000		4,000
ADPE nontact MIS	40,400	57,900	40,400
Supercomputers	22,900		22,900
Army Corp data base	900		900
Transfer of personnel property	2,900		2,900
Fire support team messanger division	17,000		17,000
Maneuver control system	56,900		56,900
CSS log	11,400	9,600	11,400
Items less than $2,000,000 (AV)	9,100		9,100
Postn Azmth det system	35,700		35,700
Posn loc reporting system	4,000		4,000
Spares (COMSEC)	11,400	11,230	11,400
Spares (other)	260,300	193,100	260,300
Special programs	115,800	102,800	115,800
Ribbon bridge boat	19,200	17,600	19,200
Dispenser mine	1,700		1,700
SWA petrol dist system	39,300	13,757	39,300
Deploy med system	88,800	10,000	88,000
CBT sup med equipment	48,100	20,300	48,100
Calibration sets	12,700	11,700	12,700

[In thousands of dollars]

	Budget request	House recommendation	Committee recommendation
Tug boats	30,100	20,100	30,100
Rail tank cars	9,800	5,000	9,800
Spares	54,400	35,700	54,400

COMMITTEE RECOMMENDED ADJUSTMENTS

TACTICAL AND SUPPORT VEHICLES

Small unit support vehicle [SUSV].—The Committee defers all $26,200,000 requested due to delays in awarding the 1986 contract which is now scheduled for award in June, 1987.

COMMUNICATIONS AND ELECTRONICS EQUIPMENT

CINC's initiative.—The Committee has deleted the $4,100,000 requested due to a lack of defined requirement. The Committee understands that the money was to have been provided to the Office of the Joint Chiefs of Staff for allocation. The Committee has made provisions for any justified initiatives in the allowance for the Defense Communications Agency.

Modular record traffic terminal.—The Committee defers the $31,900,000 requested. The Army now plans to buy off-the-shelf equipment and has sufficient prior-year funds for the initial procurement.

Digital group multiplexers.—The Committee denies the $10,800,000 requested due to the continuing uncertainty over requirements which have also delayed the fiscal year 1986 program.

Unit level circuit switch.—The Committee defers all $12,200,000 requested while the Army continues to review its program and acquistion strategy for telephone switchs for echelons above the corps.

SINCGARS TACTICAL RADIO

The Committee allowance defers all but $10,000,000 which is provided for continued program management. Initial production of this radio, which was funded in fiscal year 1985, continues on hold while reliability problems with the radio are resolved. The Committee understands that a decision will be made by November as to whether to proceed with the current contractor or to pursue some other alternative.

In making its allowance, the Committee felt that it was premature to continue funding for a competitive second source of production when it is not clear that a producable design has been found. The Committee remains hopeful that an acceptable design will be found and that the available 1986 funds can then be used for establishing that producer.

The Committee is aware of and unimpressed by proposals to buy interim tactical radios which are functionally equivalent to the SINCGARS. The Committee expects the Army to select a single design radio for competitive production and not to add other low density piece of equipment into the field for support. Furthermore, if a new radio is selected for procurement, its readiness for production must be demonstrated before procurement funding will be provided.

Antenna OE-254.—The Committee deletes all $6,500,000 requested for the OE-254 antenna which is used with the SINCGARS radio.

KGV-10 COMSEC.—The Committee deletes the $9,100,000 requested for the KGV-10 security devices which is used with the SINCGARS radio.

C&E ADJUSTMENTS

Vehicle intercom system.—No allowance is provided for vehicle intercom systems in this account. Intercom systems are routinely funded as part of the major end item.

DSCS operations control system.—The Committee recommends a reduction of $7,500,000 which is not required for revised Army requirements.

PACOM C-3.—The Committee deletes $2,000,000 in development and support funds which are funded in a parallel project in Europe.

Other COMSEC adjustments.—In agreement with Senate authorization action $3,500,000 has been added for KG-84's. See the classified annex for details.

The Committee defers $1,400,000 requested for SCOTT encryption devices (TSEC/KGV-11). SCOTT is not currently funded for production.

A $2,000,000 reduction is made for undetermined requirements in the request for items under $2,000,000.

ARMY DATA DISTRIBUTION SYSTEM [ADDS]

The Committee defers $30,000,000 due to a 6- to 9-month slowdown in the program. Reliability of the basic Position Locating and Reporting System [PLRS], which is being enhanced to form the ADDS, is improving but remains below specification. Because of these improvements and the critical need for the ADDS as the backbone of the short-range air defense command and control system, the Committee allowance provides for 100 percent growth over last year's allowance.

KGV-13 COMSEC.—In conjunction with the recommended reduction to the ADDS, the Committee defers $9,900,000 for the KGV-13 communications security devices used in the ADDS.

OTHER C&E ADJUSTMENTS

Tactical Army combat computer.—The Committee allowance of $15,900,000 provides for production of 60 computers per month which is the rate currently permitted by the Department of Defense. The Department continues to hold part of the 1986 program which exceeds that rate.

ACCS.—The Committee applauds the Army initiative for doing a total system tactical validation [TSTV] of the Army command and control system which will computerize the Army battlefield.

This will be a very complex task. Fortunately the TSTV will occur at Fort Hood where the TRADOC Combined Arms Testing Activity is located. This organization has a long history of large system organizational testing and experience with computerized command and control systems. For example, TCATA has done extensive testing on the lead system in ACCS, the MCS.

The Committee expects that TCATA will be actively involved with the design, management, execution, and evaluation of the TSTV. Of special interest to the Committee is the creation of a realistic electronic threat environment to challenge any system evaluated in the TSTV process. The TSTV is an item of special interest to the Committee.

Meterological data system.—The Committee defers any additional funding pending completion of an ongoing requirements review. The Army advises it now needs a smaller, lighter system and that the currently funded program fills all immediate requirements.

JSTARS ground station.—The Committee recommends a reduction of $20,000,000 based on a revised Army estimate of fiscal year 1987 requirements.

Spares (Telecom).—The Committee recommends a $10,000,000 reduction in conjunction with its programatic adjustments.

OTHER SUPPORT EQUIPMENT

Gas masks.—The Committee defers the $19,900,000 requested. The Army is still in the process of developing and evaluating alternative gas masks as a replacement for the M–17. A multiyear contract award is not expected until early 1987 using funds provided last year.

The Army has recently advised that the 1987 funds are to establish a second producer under a multiyear contract. Their plan is to defer awards until the technical design package (which should include the production improvements needed to meet all the Army's requirements) gas mask is proven out. This prove out is estimated to take at least 12 months.

The Committee believes that this is a logical sequence but one which can be funded in fiscal year 1988. However, the Committee directs that multiyear contracts not be signed. Rather, the Committee believes annual competitive awards are the best way to reduce costs and maintain quality.

M–9 armored combat earthmover [ACE].—The Committee recommends a reduction of $4,200,000 as a result of the recent competition which reduced prices below the budget estimate. The Committee hopes that after 25 years of development, the M–9 ACE will finally be fielded.

Small emplacement excavator [SEE].—The Committee deletes $2,100,000 excess to contractual requirements.

ARMY WATERCRAFT

Landing craft, utility [LCU].—The Committee defers $14,000,000 and three LCU's in the 1987 program. The 1985 and 1986 contracts for a total of seven LCU's were just recently awarded. The allowance provides for three additional ships to establish a production rate of five per year which is also the rate in the 1988 budget projection.

Logistics support vehicles.—The Committee deletes all $19,900,000 requested as being excess to the Army's revised program of purchasing appropriately configured and modernized used shipping through the Navy.

Army tug boats.—The Committee commends the Army on its acquisition strategy for logistics support vehicles and recommends that a similar approach be followed in its acquistion of tug boats to the maximum extent possible.

OTHER ADJUSTMENTS

Area oriented depots.—The Committee defers $38,500,000 requested for supply handling equipment to be installed in the third area oriented depot. Construction funds for the building to house this equipment have not been provided yet. The Committee allowance of $22,000,000 provides equipment for the New Cumberland Army Depot facility whose construction funds are provided this year.

Inflation.—The Committee recommends a reduction of $72,000,000 from the budget request for inflation adjustments. This is $13,400,000 below the House reduction and is based on an anticipated inflation rate of 3 percent in fiscal year 1987 instead of 4.1 percent included in the budget request.

Profit policy change.—The Committee recommends a reduction of $22,400,000 based on new profit policies to be in effect during fiscal year 1987.

ITEM OF SPECIAL INTEREST

ARMY TRUCK COMPETITION

The Committee recognizes the economic benefits that have accrued to the Army and the Government as a result of the extensive competition in the Army Tactical Truck Program since 1980. Competition based on performance specifications allow competing manufacturers to exercise their technical ingenuity and best manufacturing practices to provide affordable vehicles that meet defense requirements.

The Committee strongly supports continued competition in the 10-ton Heavy Expanded Mobility Tactical Truck Program and views the continued use of a performance specification in this program as the best means to maintain a viable competition, not only among prime but subcontractors as well. Deviation from this proven approach should be supported by complete economic analysis and studies of cost and operational effectiveness benefits considering both present and future requirements. Furthermore, the Committee expects that reliability and maintainability will be rigorously demonstrated using a preproduction version of the exact item to be procured along with performance before any production contract is awarded.

Long-term Army truck procurement strategy.—The Committee agrees with the House Appropriations Committee request for the Army to complete a bottom-up study of its tactical truck requirements. The Committee also believes that it would be helpful to conduct a long-term review of the Army's truck acquisition strategy which is currently to run a single line for each type truck with periodic competition for a multiyear contract.

The Committee requests the Army to include as part of the House requested review, an analysis of what the long-term (1995 and beyond) requirements are for the tactical truck production base; what types and extent of competition can and should be maintained; how long-term trends in the commercial, military, and international truck markets can and should be dealt with; identify new contractual forms and requirements which might permit innovative competitive acquisition strategies; and how the strengths of the domestic commercial truck industry can be used in the military truck sector.

The Committee hopes this study can provide a set of policy objectives which can guide future procurement strategies and budgets that will leave a vigorous, competitive, efficient, and well financed tactical truck production base in the late 1990's and beyond.

AIRCRAFT PROCUREMENT, NAVY

1986 appropriation	$11,175,678,000
1986 adjusted	10,628,070,000
1987 budget estimate	11,304,300,000
House allowance	9,039,452,000
Committee recommendation	9,970,750,000

The Committee recommends an appropriation of $9,970,750,000, a decrease of $1,333,550,000 from the President's budget request and $931,298,000 above the House allowance. In addition, the Committee does not recommend any funding transfer from prior year appropriations compared to $155,574,000 proposed by the House.

This appropriation finances the construction, procurement, production, modification, and modernization of aircraft, including ordnance systems, ground support equipment, flight simulators, spare parts, accessories, and specialized equipment, expansion of public and private plants.

COMMITTEE RECOMMENDED PROGRAM

The following table details the Committee recommendation in comparison to the budget request and the House-reported allowance.

PRIOR YEAR PROGRAM SAVINGS............................	--	---	-111,300	---	--	---	--	+111,300
PRIOR YEAR PROGRAM SAVINGS (BY TRANSFER)............	--	---	(111,300)	---	--	---	--	(-111,300)
INFLATION SAVINGS, FY87...............................	--	---	-58,600	-72,000	--	-72,000	--	-13,400
PROFIT POLICY CHANGE..................................	--	---	---	-22,400	--	-22,400	--	-22,400
TOTAL, OTHER PROCUREMENT, ARMY......................		6,169,000	4,641,811	5,286,825		-882,175		+645,014
TRANSFER FROM OTHER ACCOUNTS.......................		---	(251,000)	---		---		(-251,000)
TOTAL FUNDING AVAILABLE..............................		6,169,000	4,892,811	5,286,825		-882,175		+394,014

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty.	Amount			Qty.	Amount	Qty.	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
AIRCRAFT PROCUREMENT, NAVY								
COMBAT AIRCRAFT								
BA-1 COMBAT AIRCRAFT								
A-6E/F (ATTACK) INTRUDER (MYP)	11	278,893	258,793	255,493	--	-23,400	--	-3,300
A-6E/F (ATTACK) INTRUDER (MYP) (AP-CY)	--	80,032	80,032	80,032	--	---	--	---
EA-6B (ELECTRONIC WARFARE) PROWLER	12	417,686	417,686	417,686	--	---	--	---
EA-6B (ELECTRONIC WARFARE) PROWLER (AP-CY)	--	22,008	22,008	22,008	--	---	--	---
AV-8B (V/STOL) HARRIER	42	623,284	590,284	623,284	--	---	--	+33,000
AV-8B (V/STOL) HARRIER (AP-CY)	--	77,002	77,002	77,002	--	---	--	---
F-14A/D (FIGHTER) TOMCAT	15	541,063	520,363	520,363	--	-20,700	--	---
F-14A/D (FIGHTER) TOMCAT (AP-CY)	--	127,724	127,724	127,724	--	---	--	---
F/A-18 (FIGHTER) HORNET (MYP)	120	2,896,374	2,049,174	2,347,000	-36	-549,374	--	+297,826
F/A-18 (BY TRANSFER)	--	---	(27,000)	---	--	---	--	(-27,000)
F/A-18 (FIGHTER) HORNET (MYP) (AP-CY)	--	405,900	143,900	143,900	--	-262,000	--	---
CH/MH-53E (HELO) SUPER STALLION (MYP)	14	189,034	174,034	189,034	--	---	--	+15,000
CH/MH-53E (HELO) SUPER STALLION (MYP) (AP-CY)	--	30,900	30,900	30,900	--	---	--	---
AH-1W (HELICOPTER) SEA COBRA	--	36,212	21,212	21,212	--	-15,000	--	---
AH-1W (AP-CY)	--	---	15,000	---	--	---	--	-15,000
SH-60B (ASW HELO) SEAHAWK	17	199,651	129,251	196,951	--	-2,700	+6	+67,700
SH-60B (ASW HELO) SEAHAWK (AP-CY)	--	21,121	21,121	21,121	--	---	--	---
SH-60F (CV ASW HELO)	7	138,770	103,770	138,770	--	---	--	+35,000

SH-60F (CV ASW HELO) (AP-CY)............................	--	29,361	29,361	29,361	--	---	--	---
P-3C (PATROL) ORION....................................	9	312,388	69,420	223,100	-2	-89,288	+5	+153,680
P-3C (PATROL) ORION (AP-CY)............................	--	93,198	93,198	93,198	--	---	--	---
E-2C (EARLY WARNING) HAWKEYE...........................	6	286,483	280,983	280,983	--	-5,500	--	---
E-2C (EARLY WARNING) HAWKEYE (AP-CY)...................	--	24,120	24,120	24,120	--	---	--	---
SH-2F (ASW HELO) SEASPRITE.............................	6	52,798	52,798	---	-6	-52,798	-6	-52,798
TOTAL, COMBAT AIRCRAFT................................		6,884,002	5,332,134	5,863,242		-1,020,760		+531,108
AIRLIFT AIRCRAFT								
BA-2 AIRLIFT AIRCRAFT								
C-2 (MYP)..	9	99,718	99,718	99,718	--	---	--	---
TOTAL, AIRLIFT AIRCRAFT...............................		99,718	99,718	99,718		---		---
TRAINER AIRCRAFT								
BA-3 TRAINER AIRCRAFT								
T-45TS GOSHAWK (AP-CY).................................	--	56,374	---	56,374	--	---	--	+56,374
T-45TS GOSHAWK (AP-CY) (BY TRANSFER).................	--	---	(56,374)	---	--	---	--	(-56,374)
TOTAL, TRAINER AIRCRAFT...............................		56,374	---	56,374		---		+56,374
OTHER AIRCRAFT								
BA-4 OTHER AIRCRAFT								
E-6A..	3	226,619	226,619	226,619	--	---	--	---

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
E-6A (AP-CY)..	--	72,879	72,879	72,879	--	---	--	---
VH-60..	--	24,706	---	24,706	--	---	--	+24,706
TOTAL, OTHER AIRCRAFT................................		324,204	299,498	324,204		---		+24,706
MODIFICATION OF AIRCRAFT								
BA-5 MODIFICATION OF AIRCRAFT								
A-3 SERIES...	--	1,501	1,501	1,501	--	---	--	---
A-4 SERIES...	--	19,675	9,675	14,875	--	-4,800	--	+5,200
A-6 SERIES (MYP).....................................	--	379,220	375,520	375,520	--	-3,700	--	---
EA-6 SERIES..	--	39,387	36,387	39,387	--	---	--	+3,000
A-7 SERIES...	--	927	927	927	--	---	--	---
AV-8 SERIES..	--	1,490	1,490	1,490	--	---	--	---
F-4 SERIES...	--	4,879	3,279	4,879	--	---	--	+1,600
RF-4 SERIES..	--	1,394	1,394	1,394	--	---	--	---
F-14 SERIES..	--	187,301	187,301	187,301	--	---	--	---
F-8 SERIES...	--	95	95	95	--	---	--	---
F-5 SERIES...	--	974	974	974	--	---	--	---
OV-10 SERIES...	--	67,473	17,573	67,473	--	---	--	+49,900
F-18 MODS..	--	5,865	5,865	5,865	--	---	--	---
H-46 SERIES..	--	67,919	32,219	67,919	--	---	--	+35,700

COMMITTEE RECOMMENDED ADJUSTMENTS

COMBAT AIRCRAFT

A-6E Intruder.—The Committee recommends $255,493,000 for the medium attack aircraft. This is $23,400,000 below the budget and $3,300,000 below the House allowance. The Committee recommendation provides for 11 aircraft, the same number as requested. The funding reduction is based on anticipated contract savings, stemming from current fiscal year contract experience.

AV-8B Harrier.—The budget request includes $623,284,000 for procurement of 42 AV-8B aircraft. The Committee recommends this amount. This is $33,000,000 above the House level.

F-14 A/D Tomcat.—The Committee recommends $520,363,000 for procurement of 15 F-14 aircraft. The allowance is $20,700,000 below the budget and the same as the House level. The funding estimate is based on anticipated contract savings for engines, electronics, and other purchases substantiated by a General Accounting Office audit.

F/A-18 fighter.—The Committee recommends $2,347,000,000 for purchase of 84 F/A-18 aircraft. This is a reduction of 36 aircraft and $549,374,000 from the budget request.

Prior to the submission of the budget, the F/A-18 aircraft progam was scheduled to maintain a production rate of 84 aircraft in 1987. The fiscal year 1987 budget request increased this to 120 aircraft. The Senate authorization provides for 96 aircraft, and the House allowance would fund 84. According to Navy testimony, the cost of the F/A-18 aircraft has been decreasing since 1983. The increased production rate will provide only marginal additional savings. Budgetary restrictions require that the Committee recommend the stable production rate of 84 aircraft.

The Navy has also requested multiyear authority on the F/A-18 program. This authority is denied in the respective authorization bills and the House reported appropriations bill and is not recommended here.

F/A-18 advance procurement.—The Committee recommends $143,900,000 for advance procurement for the F/A-18 aircraft. This is $262,000,000 below the budget and the same as the House allowance. This funding is based on a production rate of 84 aircraft in 1988 instead of 132 as budgeted. In addition, no funds have been provided for multiyear procurement.

LAMPS MARK III helicopter (SH-60B).—The budget request includes $199,651,000 for procurement of 17 SH-60B helicopters. The Committee recommends $196,951,000, a reduction of $2,700,000 due to contract savings. This is $67,700,000 above the House allowance which provides for only 11 aircraft.

SH-60F CV Helo.—The Committee recommends $138,770,000 for seven carrier-based antisubmarine warfare helicopters, the same as the budget request. This is $35,000 above the House allowance.

SH-2F Seasprite LAMPS MARK I helicopters.—The budget includes a request of $52,798,000 for the purchase of six LAMPS Mk. I helicopters. The Committee does not recommend funds for this program in accord with Senate authorization.

AH-1T Sea Cobra helicopter.—The Committee recommends $21,212,000 for support equipment for the Sea Cobra helicopter. This is $15,000,000 below the budget request based on recent program information. The House redirects this asset for advance procurement for four additional unbudgeted helicopters. The Committee does not concur in the addition of these helicopters absent a budget request.

E-2C Hawkeye aircraft.—The recommended funding for six E-2C early warning aircraft is $280,983,000. This is $5,500,000 below the budget request and the same as the House allowance. Savings are based on a review by the General Accounting Office.

P-3C patrol orion aircraft.—The Committee recommends $223,100,000 for the purchase of seven P-3C aircraft. This is $89,288,000 below the budget request and $153,600,000 above the House allowance. The House provided for two aircraft in this appropriation and added $242,968,000 to the Navy Reserve equipment funding for seven aircraft.

Following submission of the budget request it was determined that through other sources an additional two P-3C aircraft would be purchased in fiscal year 1987. The Committee does not support an increase in the production rate of P-3C aircraft and, therefore, recommends a reduction of two aircraft. The Committee directs that two of the aircraft be used to meet a classified requirement. This matter is also addressed in the classified annex.

TRAINER AIRCRAFT

T-45 Goshawk trainer aircraft.—The Committee recommends $56,374,000 for advance procurement for the T-45 trainer, the same as the budget request. The House recommendation provides funds for this program through prior-year transfer. The Committee's recommendation for prior-year funds is discussed elsewhere in this report.

Modification of aircraft.—The Navy requested $1,427,213,000 for modification of inservice aircraft. The Committee recommends $1,370,013,000, a reduction of $57,200,000 from the request and $78,000,000 above the House allowance.

Aircraft support equipment.—The Committee recommends $631,054,000 for aircraft support equipment. This is $25,590,000 below the budget and $72,310,000 above the House allowance. The House allowance includes prior-year funds which the Committee has discussed elsewhere.

Spare and repair parts.—The Committee recommends $1,790,145,000 for aviation spares. This is a reduction of $66,000,000 from the request. The financing adjustment is based on lower initial spare requirements related to fewer aircraft purchases than planned and lower anticipated replenishment spares requirement. The recommendation is $223,700,000 above the House allowance.

Other House adjustments.—The House denies all funds for the VH-60 executive helicopter program and reduces the funds for the CH/MH-53 helicopter program by $15,000,000. The Committee does not concur in these reductions.

Inflation.—The Committee recommends a reduction of $122,000,000 for lower inflation costs. This is $12,900,000 below the House reduction.

Profit policy change.—The Committee recommends a reduction of $42,000,000 based on new profit policies to be in effect during fiscal year 1987.

WEAPONS PROCUREMENT, NAVY

1986 appropriation	$5,227,795,000
1986 adjusted	4,971,638,000
1987 budget estimate	6,095,400,000
House allowance	5,047,440,000
Committee recommendation	5,270,262,000

The Committee recommends an appropriation of $5,270,262,000, a decrease of $825,138,000 below the President's budget request and $222,822,000 more than the House allowance.

This appropriation finances the construction, procurement, production, modification, and modernization of strategic and tactical missiles, torpedoes, other weapons, and related support equipment, including spare parts and accessories; and expansion of public and private plants.

COMMITTEE RECOMMENDED PROGRAM

The following table details the Committee recommendation in comparison to the budget request and the House-reported allowance.

H-53 SERIES......................................	--	22,641	22,641	22,641	--	---	--	---
SH-60 SERIES.....................................	--	3,344	1,544	3,344	--	---	--	+1,800
H-1 SERIES.......................................	--	58,415	44,915	44,915	--	-13,500	--	---
H-2 SERIES.......................................	--	4,185	36,485	4,185	--	---	--	-32,300
H-3 SERIES.......................................	--	38,565	27,665	38,565	--	---	--	+10,900
EP-3 SERIES......................................	--	47,529	47,529	47,529	--	---	--	---
P-3 SERIES.......................................	--	38,356	38,356	38,356	--	---	--	---
S-3 SERIES.......................................	--	215,395	204,295	215,395	--	---	--	+11,100
E-2 SERIES.......................................	--	41,358	41,358	41,358	--	---	--	---
TRAINER A/C SERIES...............................	--	6,745	6,745	6,745	--	---	--	---
EC-130 SERIES....................................	--	16,561	13,161	13,161	--	-3,400	--	---
C-130 SERIES.....................................	--	6,856	6,856	6,856	--	---	--	---
FEWSG..	--	17,214	17,214	17,214	--	---	--	---
CARGO/TRANSPORT A/C SERIES.......................	--	5,094	5,094	5,094	--	---	--	---
VARIOUS..	--	3,786	3,786	3,786	--	---	--	---
POWER PLANT CHANGES..............................	--	2,742	2,742	2,742	--	---	--	---
MISC FLIGHT SAFETY CHANGES.......................	--	947	947	947	--	---	--	---
COMMON ECM EQUIPMENT.............................	--	97,808	68,408	71,008	--	-26,800	--	+2,600
COMMON AVIONICS CHANGES..........................	--	21,572	28,072	16,572	--	-5,000	--	-11,500
TOTAL, MODIFICATION OF AIRCRAFT..................		1,427,213	1,292,013	1,370,013		-57,200		+78,000
AIRCRAFT SPARES AND REPAIR PARTS								
BA-6 AIRCRAFT SPARES								
SPARES AND REPAIR PARTS..........................	--	1,856,145	1,566,445	1,790,145	--	-66,000	--	+223,700
TOTAL, AIRCRAFT SPARES AND REPAIR PARTS..........		1,856,145	1,566,445	1,790,145		-66,000		+223,700

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
AIRCRAFT SUPPORT EQUIPMENT AND FACILITIE								
BA-7 AIRCRAFT SUPPORT EQUIPMENT AND FAC								
COMMON GROUND EQUIPMENT..............................	--	538,603	512,903	513,013	--	-25,590	--	+110
AIRCRAFT INDUSTRIAL FACILITIES.......................	--	32,610	32,610	32,610	--	---	--	---
WAR CONSUMABLES......................................	--	34,482	34,482	34,482	--	---	--	---
OTHER PRODUCTION CHARGES.............................	--	50,949	50,949	50,949	--	---	--	---
GENERAL REDUCTION....................................	--	---	-72,200	---	--	---	--	+72,200
GENERAL REDUCTION (BY TRANSFER)......................	--	---	(72,200)	---	--	---	--	(-72,200)
TOTAL, AIRCRAFT SUPPORT EQUIPMENT AND FACILITIE.....		656,644	558,744	631,054		-25,590		+72,310
INFLATION SAVINGS, FY87..............................	--	---	-109,100	-122,000	--	-122,000	--	-12,900
PROFIT POLICY CHANGE.................................	--	---	---	-42,000	--	-42,000	--	-42,000
TOTAL, AIRCRAFT PROCUREMENT, NAVY....................		11,304,300	9,039,452	9,970,750		-1,333,550		+931,298
TRANSFER FROM OTHER ACCOUNTS.........................		---	(155,574)	---		---		(-155,574)
TOTAL FUNDING AVAILABLE..............................		11,304,300	9,195,026	9,970,750		-1,333,550		+775,724

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
WEAPONS PROCUREMENT, NAVY								
BALLISTIC MISSILES								
POSEIDON...	--	3,974	3,974	3,974	--	---	--	---
TRIDENT I..	--	4,739	4,739	4,739	--	---	--	---
TRIDENT II...	21	1,124,439	1,124,439	1,086,639	--	-37,800	--	-37,800
TRIDENT II (AP-CY)...................................	--	300,000	300,000	275,800	--	-24,200	--	-24,200
MODIFICATION OF MISSILES								
UGM-73A (C-3) POSEIDON MODS..........................	--	95	95	95	--	---	--	---
SUPPORT EQUIPMENT AND FACILITIES								
MISSILE INDUSTRIAL FACILITIES........................	--	3,790	3,790	3,790	--	---	--	---
TOTAL, BALLISTIC MISSILES............................		1,437,037	1,437,037	1,375,037		-62,000		-62,000
OTHER MISSILES								
STRATEGIC MISSILES								
BGM-109 TOMAHAWK.....................................	324	721,736	581,736	666,736	--	-55,000	--	+85,000
BGM-109 TOMAHAWK (BY TRANSFER).......................	--	---	(61,800)	---	--	---	--	(-61,800)
BGM-109 TOMAHAWK (AP-CY).............................	--	68,800	68,800	68,800	--	---	--	---

TACTICAL MISSILES								
AIM/RIM-7 F/M SPARROW	1,716	279,394	259,094	269,394	--	-10,000	--	+10,300
AIM/RIM-7 F/M SPARROW (BY TRANSFER)	--	---	(16,800)	---	--	---	--	(-16,800)
AIM-9L/M SIDEWINDER	627	46,977	46,277	30,677	-377	-16,300	-377	-15,600
AIM-9L/M SIDEWINDER (AP-CY)	--	17,641	---	---	--	-17,641	--	---
AIM-54A/C (PHOENIX)	205	289,272	119,522	267,272	--	-22,000	--	+147,750
AIM-54A/C (PHOENIX) (BY TRANSFER)	--	---	(39,750)	---	--	---	--	(-39,750)
AIM-54A/C (PHOENIX) (AP-CY)	--	28,400	18,583	23,100	--	-5,300	--	+4,517
AIM-54A/C (PHOENIX) (AP-CY) (BY TRANSFER)	--	---	(9,817)	---	--	---	--	(-9,817)
AGM-84A HARPOON	94	128,387	128,387	116,187	--	-12,200	--	-12,200
AGM-84A HARPOON (AP-CY)	--	11,476	---	---	--	-11,476	--	---
AGM-88A HARM (MYP)	1,110	256,682	256,682	204,982	-245	-51,700	-245	-51,700
SM-2 MR	844	513,611	513,611	478,611	--	-35,000	--	-35,000
SM-2 ER	350	217,017	217,017	217,017	--	---	--	---
RAM	50	63,209	---	40,000	--	-23,209	+50	+40,000
STINGER	685	51,940	39,740	42,130	--	-9,810	--	+2,390
SIDEARM	256	22,858	22,858	22,858	--	---	--	---
LASER MAVERICK	1,800	198,791	165,691	190,791	--	-8,000	+300	+25,100
IIR MAVERICK	419	52,055	24,255	37,700	-154	-14,355	+70	+13,445
AERIAL TARGETS	--	97,386	97,386	91,000	--	-6,386	--	-6,386
DRONES AND DECOYS	--	36,136	36,136	32,636	--	-3,500	--	-3,500
OTHER MISSILE SUPPORT	--	22,017	11,517	22,017	--	---	--	+10,500
MODIFICATION OF MISSILES								
TOMAHAWK MODS	--	7,235	7,235	7,235	--	---	--	---
AIM/RIM-7E/F SPARROW MOD	--	1,233	1,233	1,233	--	---	--	---
AIM-9 SIDEWINDER MOD	--	3,131	3,131	3,131	--	---	--	---
STANDARD MISSILES MOD	--	2,093	2,093	2,093	--	---	--	---
SUPPORT EQUIPMENT AND FACILITIES								
WEAPONS INDUSTRIAL FACILITIES	--	7,490	7,490	12,665	--	+5,175	--	+5,175

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
FLEET SATELLITE COMMUNICATIONS........................	--	65,138	65,138	62,138	--	-3,000	--	-3,000
ORDNANCE SUPPORT EQUIPMENT								
ORDNANCE SUPPORT EQUIPMENT............................	--	132,958	108,025	79,192	--	-53,766	--	-28,833
TOTAL, OTHER MISSILES.............................		3,343,063	2,801,637	2,989,595		-353,468		+187,958
TORPEDOES AND RELATED EQUIPMENT								
TORPEDO MK-48 ADCAP..................................	227	508,370	214,770	254,800	-177	-253,570	--	+40,030
ASUW TORPEDO...	34	16,995	---	16,995	--	---	+34	+16,995
TORPEDO MK-46 (MYP)..................................	500	74,061	38,161	60,661	--	-13,400	--	+22,500
TORPEDO MK-46 (MYP) (BY TRANSFER)..................	--	---	(22,500)	---	--	---	--	(-22,500)
TORPEDO MK-46 (MYP) (AP-CY)..........................	--	23,800	23,800	23,800	--	---	--	---
MK-50 ADV LIGHTWEIGHT TORPEDO........................	84	109,937	19,387	68,137	-36	-41,800	+48	+48,750
MK-60 CAPTOR...	--	---	59,500	---	--	---	-130	-59,500
ASROC..	--	13,597	13,597	13,597	--	---	--	---
VERTICAL LAUNCHED ASROC..............................	200	74,289	21,000	74,289	--	---	+200	+53,289
MOD OF TORPEDOES AND RELATED EQUIP								
TORPEDO MK-46 MODS...................................	672	76,975	60,475	70,475	--	-6,500	--	+10,000
TORPEDO MK-46 MODS (BY TRANSFER)....................	--	---	(10,000)	---	--	---	--	(-10,000)
TORPEDO MK-46 MODS (AP-CY)............................	--	5,200	5,200	5,200	--	---	--	---

AUTHORIZATION CHANGES

The Committee recommends the following adjustments in accordance with Senate authorization action:

[In thousands of dollars]

	Budget request	Committee recommendation	Change from budget
Tomahawk missile	721,736	666,736	-55,000
Harpoon advance procurement	11,476		-11,476
RAM missile	63,209	40,000	-23,209
Weapons indus fac	7,490	12,665	+5,175
Fleet satellite com	65,138	62,138	-3,000

RESTORED HOUSE ADJUSTMENTS

The Committee does not recommend accepting the following House adjustments:

[In thousands of dollars]

	Budget request	House recommendation	Committee recommendation
Other missile support	22,017	11,517	22,017
MK-60 CAPTOR		59,500	
Verticle launch ASROC	74,289	21,000	74,289

COMMITTEE RECOMMENDED ADJUSTMENTS

STRATEGIC MISSILES

Trident II (D-5) missile.—The Committee recommends a reduction of $37,800,000 to the budget request for the first year of missile production. This is $37,800,000 below the House allowance and is based on a revised Navy estimate.

Trident II missile advance procurement.—The Committee recommends a reduction of $24,200,000 in the allowance for advance procurement funds to support the 1988 buy of 66 Trident missiles. The budget request exceeds historic advance procurement funding rates for the program.

TACTICAL MISSILES

Sparrow AIM/RIM-7 missile.—The Committee recommends a reduction of $10,000,000 due to lower than budgeted prices for the guidance and control section.

Sidewinder AIM-9 missile.—The Committee recommends a reduction of $16,300,000 and 377 missiles. Both the Navy and Air Force requirements for this missile are nearly filled. Future Navy and Air Force production are projected to drop below the minimum sustaining rate for either of the two current producers.

The Committee recommendation combined with a similar recommendation on the Air Force program forces the transition to a single producer 1 year early. This slight program stretch out should cause additional missiles to be programmed for the outyears which will help sustain the one producer.

The Committee will entertain a reprogramming request for any funds needed to lay away the second source until the Navy's AIM-9 PIP upgrades are ready for production in the 1990's. The Air Force's follow-on missile, the advanced short range air-to-air missile [ASRAAM], is being development in Europe.

Sidewinder surge.—The Committee recommends deletion of $17,641,000 as production is being phased down.

Phoenix missile.—The Committee recommends minor reductions totaling $27,300,000 to the Phoenix program based on recently negotiated not-to-exceed prices. The Committee allowance provides for 205 missiles.

The Committee allowance also provides for the continuation of the Navy's Phoenix second source program which has been deleted by the House. The Committee directs that the analysis and certification required by last year's conference report as a condition for congressional approval be submitted immediately. Otherwise, there will be no basis to sustain this funding.

Harpoon missile.—The Committee recommends an adjustment of $12,200,000 as a result of lower unit prices that will occur from increased FMS sales projected by the GAO.

Harm missile.—The Committee recommends an allowance of $204,982,000 for 865 missiles which, combined with the Air Force allowance, will sustain the fiscal year 1986 production rate of 210 missiles per month. This allowance is in line with other recommendations to slow or hold production rates to the 1986 level.

The Committee does not recommend approval of the proposed multiyear procurement because the projected savings are less than 10 percent. However, the Committee is anxious to obtain additional program savings through the use of competition rather than through the introduction of the low-cost seeker.

The Committee believes that the cost of establishing a second source for the seeker as part of the block IV guidance upgrade is less than the cost of developing and producing the low-cost seeker. The Committee recommends that block IV upgrade be done at no direct cost to the Government. This issue is discussed further in the R&D section of the report.

Accordingly, the Committee directs that the Navy and Air Force to budget in 1988 for the initial costs of a second source so that a competitive procurement of the seeker can occur starting in 1989.

IR Maverick.—The Committee has deleted $14,355,000 and 154 missiles. The combined Air Force and Navy program will increase 1987 production above 1986 levels to the minimum level needed to support two producers so that an effective competition can occur in fiscal year 1988.

The Committee also feels that these reductions are also justified by the fact that the 1984 and 1985 contracts have just been awarded; the 1986 contract is still to awarded; and initial deliveries continue to be behind schedule.

OTHER TACTICAL MISSILE AND TARGET ADJUSTMENTS

Standard-2 MR missile.—The Committee recommends a reduction of $35,000,000 in expected savings from establishment of the second production source for the guidance and control section.

Stinger missile.—The Committee recommends a reduction of $9,810,000 over budgeted for 685 missiles based on budgeted Army recurring cost data.

Laser Maverick missile.—The allowance reflects a reduction of $8,000,000 overbudgeted for established not-to-exceed prices.

Aerial targets.—The Committee recommends an allowance of $91,000,000 for aerial targets. This deletes $6,386,000 for 17 BQM-34 targets and sustains the 1986 production rate.

Drones and Decoys.—The Committee recommends deletion of $3,500,000 overbudgeted for decoys.

Weapons industrial facilities.—The Committee recommends an increase of $5,175,000 for a total of $12,665,000 as authorized by the Senate. This is $5,175,000 over the House allowance and is to be used to restore damaged facilities at the Allegany Ballistics Laboratory. Four facilities recently destroyed by an accidental explosion and fire that must be reconstructed include a new cure bay complex, magazine, rocket motor disassembly building, and a munitions assembly building.

Ordnance support equipment.—An allowance of $79,192,000 is recommended. Details are contained in the classified annex.

TORPEDOES AND RELATED EQUIPMENT

MK-48 ADCAP torpedo.—The Committee recommends an allowance of $254,800,000 to support a revised 1987 program. The Navy advises that test problems have delayed award of the 1986 contract until December 1986, and that no 1987 procurement is now planned from the prime contractor. The allowance is $253,570,000 below the request, but provides 50 torpedoes for the second production source plus necessary test equipment to support full competition in fiscal year 1988.

MK-50 advanced lightweight torpedo.—The Committee recommends an allowance of $68,137,000, a reduction of $41,800,000 from the request, to sustain low rate production of four per month and provided for initial test equipment. Alternatively, these funds could be used to fund continued development work. The allowance does not provide for the establishment of a second production source this year because there is no proven technical design package ready for production.

The Committee is very concerned about the progress of this program which seems to be slipping behind schedule in engineering development due to either cost growth or under funding. The Committee notes that the House has recommended similar funding levels for this program but with a large portion applied to R&D. The Committee understands that the Navy will not use these funds for further development work. The Committee hopes to understand what the Navy's plans are for this program in order to rationally fund this program in conference.

OTHER ADJUSTMENTS

MK–46 lightweight torpedo.—The Committee recommends a reduction of $19,900,000 in funds to continue the MK–46 torpedo multiyear contract which provides both new torpedoes and modifications kits. A reduction of $13,400,000 is applied to production and $6,500,000 to modifications.

Inflation.—The Committee recommends a reduction of $72,000,000 from the budget request for inflation adjustments. This is $12,800,000 below the House reduction and is based on an anticipated inflation rate of 3 percent in fiscal year 1987 instead of 4.1 percent included in the budget request.

Profit policy change.—The Committee recommends a reduction of $22,400,000 based on new profit policies to be in effect during fiscal year 1987.

ITEM OF SPECIAL INTEREST

Vertical launch ASROC.—The Committee recommends the full $74,289,000 requested, which is $53,289,000 above the House allowance, with full awareness of the test program delays to date and the number of ships waiting for this new system. The Committee understands that shipboard test firings are underway during September which should indicate the systems readiness for production. The Committee will fully address the issue in conference with the benefit of these latest test results.

Submarine launched mobile mine.—Last year, the conference agreement included $3,714,000 for the MK–67 submarine launched mobile mine. The statement of the managers, indicated that the Committee would entertain a reprogramming request from the Navy to maintain program continuity. The Committee wishes to reemphasize its interest in maintaining the continuity of the program. Because of the improvements in program execution, the Committee directs the Navy to reprogram funds for 280 mines covered in the fiscal year 1986 contract option.

SHIPBUILDING AND CONVERSION, NAVY

1986 appropriation	$10,840,400,000
1986 adjusted	10,350,341,000
1987 budget estimate	11,046,200,000
House allowance	9,213,100,000
Committee recommendation	9,714,539,000

The Committee recommends an appropriation of $9,714,539,000. This is a decrease of $1,331,661,000 from the budget estimate and $501,439,000 above the House allowance. In addition, the Committee recommends transfers of $584,500,000 from prior-year appropriations compared to $902,600,000 proposed by the House.

This appropriation finances the construction, acquisition, or conversion of vessels, including armor and armament, plant equipment, appliances, and machine tools for production plants and facilities; and procurement of long leadtime components and designs of vessels.

COMMITTEE RECOMMENDED PROGRAM

The following table details the Committee recommendation in comparison to the budget request and the House-reported allowance.

CAPTOR MODS..	--	11,619	11,619	11,619	--	---	--	---
SWIMMER WEAPON SYSTEM................................	--	3,911	3,911	3,911	--	---	--	---
SUPPORT EQUIPMENT								
TORPEDO SUPPORT EQUIPMENT............................	--	32,496	32,496	32,496	--	---	--	---
ASW RANGE SUPPORT....................................	--	20,114	20,114	20,114	--	---	--	---
TOTAL, TORPEDOES AND RELATED EQUIPMENT..............		971,364	524,030	656,094		-315,270		+132,064
OTHER WEAPONS								
GUNS AND GUN MOUNTS								
MK-15 CLOSE IN WEAPONS SYSTEM........................	27	105,606	105,606	105,606	--	---	--	---
MK-75 76MM GUN MOUNT.................................	5	14,875	14,875	14,875	--	---	--	---
MK-19/40MM MACHINE GUN...............................	25	632	632	632	--	---	--	---
25MM GUN MOUNT.......................................	22	3,919	3,919	3,919	--	---	--	---
SMALL ARMS AND WEAPONS...............................	--	10,082	10,082	10,082	--	---	--	---
MODIFICATION OF GUNS AND GUN MOUNTS								
CIWS MODS..	--	42,965	42,965	42,965	--	---	--	---
5 /54 GUN MOUNT MODS.................................	--	6,128	6,128	6,128	--	---	--	---
3"/50 GUN MOUNT MODS.................................	--	1,637	1,637	1,637	--	---	--	---
MK 75 76MM GUN MOUNT MODS............................	--	4,101	4,101	4,101	--	---	--	---
MODS UNDER $900,000..................................	--	2,384	2,384	2,384	--	---	--	---
SUPPORT EQUIPMENT								
GUN SUPPORT EQUIPMENT................................	--	873	873	873	--	---	--	---
TOTAL, OTHER WEAPONS.................................		193,202	193,202	193,202		---		---

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
SPARES AND REPAIR PARTS..............................	--	150,734	150,734	150,734	--	---	--	---
INFLATION SAVINGS, FY87..............................	--	---	-59,200	-72,000	--	-72,000	--	-12,800
PROFIT POLICY CHANGE.................................	--	---	---	-22,400	--	-22,400	--	-22,400
TOTAL, WEAPONS PROCUREMENT, NAVY.....................		6,095,400	5,047,440	5,270,262		-825,138		+222,822
TRANSFER FROM OTHER ACCOUNTS.........................		---	(160,667)	---		---		(-160,667)
TOTAL FUNDING AVAILABLE..............................		6,095,400	5,208,107	5,270,262		-825,138		+62,155

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
SHIPBUILDING AND CONVERSION, NAVY								
FLEET BALLISTIC MISSILE SHIPS								
BA-1 FLEET BALLISTIC MISSILE SHIPS								
TRIDENT (NUCLEAR)......................................	1	1,362,700	1,362,700	1,300,000	--	-62,700	--	-62,700
TRIDENT (NUCLEAR) (AP-CY)..............................	--	146,400	146,400	146,400	--	---	--	---
TOTAL, FLEET BALLISTIC MISSILE SHIPS................		1,509,100	1,509,100	1,446,400		-62,700		-62,700
OTHER WARSHIPS								
BA-2 OTHER WARSHIPS								
SSN-688 CLASS SUBMARINE (NUCLEAR)......................	4	2,047,800	1,785,100	1,966,700	--	-81,100	--	+181,600
SSN-688 CLASS SUBMARINE (NUCLEAR) (BY TRANSFER).....	--	---	(181,600)	---	--	---	--	(-181,600)
SSN-688 CLASS SUBMARINE (NUCLEAR) (AP-CY).............	--	284,800	284,800	284,800	--	---	--	---
SSN-21...	--	454,300	187,800	266,500	--	-187,800	--	+78,700
CV SLEP (AP-CY)..	--	83,500	83,500	83,500	--	---	--	---
CG-47 AEGIS CRUISER (MYP)..............................	2	1,913,800	1,876,800	2,130,500	+1	+216,700	+1	+253,700
CG-47 AEGIS CRUISER (MYP) (BY TRANSFER)..............	--	---	(20,000)	(584,500)	--	(+584,500)	--	(+564,500)
CG-47 AEGIS CRUISER (MYP) (AP-CY).....................	--	10,500	10,500	10,500	--	---	--	---
DDG-51 (MYP)...	3	2,448,000	2,348,000	2,421,000	--	-27,000	--	+73,000

DDG-51 (MYP) (AP-CY)................................	--	79,800	79,800	79,800	--	---	--	---
TOTAL, OTHER WARSHIPS...............................		7,322,500	6,656,300	7,243,300		-79,200		+587,000
AMPHIBIOUS SHIPS								
BA-3 AMPHIBIOUS SHIPS								
LHD-1 AMPHIBIOUS ASSAULT SHIP (MYP) (AP-CY)...........	--	232,000	232,000	35,000	--	-197,000	--	-197,000
LPD-4 SLEP..	--	23,100	---	---	--	-23,100	--	---
TOTAL, AMPHIBIOUS SHIPS.............................		255,100	232,000	35,000		-220,100		-197,000
MINE WARFARE AND PATROL SHIPS								
BA-4 MINE WARFARE + PATROL SHIPS								
MSH-1 COASTAL MINE HUNTER...........................	4	196,100	---	---	-4	-196,100	--	---
MSH-1 COASTAL MINE HUNTER (BY TRANSFER).............	--	---	(100,000)	---	--	---	--	(-100,000)
TOTAL, MINE WARFARE AND PATROL SHIPS................		196,100	---	---		-196,100		---
AUXILIARIES, CRAFT, AND PRIOR-YEAR PROGR								
BA-5 AUXILIARIES, CRAFT + PY PROG COSTS								
TAO FLEET OILER.....................................	2	275,500	209,600	259,000	--	-16,500	--	+49,400
TAO FLEET OILER (BY TRANSFER).......................	--	---	(49,400)	---	--	---	--	(-49,400)
AO (JUMBO)..	1	62,300	---	62,300	--	---	+1	+62,300
TAGOS SURTASS SHIPS.................................	3	148,100	148,100	130,100	-1	-18,000	-1	-18,000
AOE...	1	612,700	181,100	---	-1	-612,700	-1	-181,100
AOE (BY TRANSFER)...................................	--	---	(318,600)	---	--	---	--	(-318,600)

FLEET BALLISTIC MISSILE SHIPS

Trident.—The budget request includes $1,362,700,000 for the acquisition of one Trident submarine and $146,400,000 for advance procurement for the fiscal year 1989 Trident submarine. The Committee recommends $146,400,000 for advance procurement and $1,300,000,000 for construction of a Trident sub in 1987. This is $62,700,000 below the budget and the House allowance.

Beginning in fiscal year 1988, the Navy plans to compete the construction of the Trident program. Currently, Trident is the only Navy shipbuilding program awarded on a sole source basis. The Committee supports the Navy's plans to compete this program next year recognizing that competiton in the SSN–688 class submarine program has saved nearly $400,000,000 in the past 3 years. The Committee directs the Secretary of Defense to review the Navy's plan to compete Trident, and include an independent assessment by the Cost Analysis Improvement Group to ascertain the anticipated savings from such a competition. The Committee wishes to be apprised of the results of that study by March 31, 1987.

OTHER WARSHIPS

New design attack submarine (SSN–21).—The Committee recommends $266,500,000 for advance procurement funding of the SSN–21 new design attack submarine. This is $187,800,000 below the budget request and $78,700,000 above the House allowance. The recommended funding will fully provide for the nuclear components portion of the advance procurement request.

For several years the Committee has expressed concern in the trend toward increasing long-lead funding for items which were of questionable need. The Committee recognizes the complexity of the nuclear reactor components material and the requirement to provide for these funds 2 years in advance of the full funding request. However, it opposes providing for nonnuclear components as it establishes a pattern of incrementally funding shipbuilding programs.

The House denies funds for the nuclear components portion of advance procurement request, believing this requirement to be premature.

SSN–688 attack submarines.—The budget request included $2,047,800,000 for four attack submarines and $284,800,000 for advance procurement for 1988 and 1989. The Committee recommends $1,966,700,000 for new construction and the full amount requested for advance procurement. This is a reduction of $81,100,000 from the budget request and $181,600,000 above the House allowance. The funding is based on lower costs than originally estimated based on the fiscal year 1986 contract award. The House included a transfer of $181,600,000 from prior-year assets with which the Committee does not concur. The use of prior-year funds is addressed elsewhere.

CG–47 Aegis cruiser.—The Committee recommends an appropriation of $2,130,500,000 and transfers of $584,500,000 for the construction of three CG–47 Aegis cruisers. This is an increase of $801,200,00 and one cruiser from the budget request. The House recommends $1,876,800,000 and a transfer of $20,000,000 for the construction of two cruisers.

The Committee recommendation will allow the Navy to continue a steady production rate of three cruisers in fiscal year 1987. This action should contribute to cost decreases in the total Aegis cruiser procurement program. The allowance includes a reduction of $18,100,000 based on a GAO review of vertical launch system hardware costs.

The proposed sources of prior-year transfers are as follows:

Shipbuilding and conversion, Navy, 1986/1990:	
LHD-1	$337,900,000
SSN-688	68,200,000
MSH-1	55,400,000
Aircraft procurement, Navy, 1986/1988: F/A-18	91,900,000
Weapons procurement, Navy, 1986/1988: SM-2	31,100,000
Total	584,500,000

DDG-51 Aegis destroyer.—The Committee recommends $2,421,000,000 for three DDG-51 Aegis destroyers. This is $27,000,000 below the budget request based on anticipated contract savings. The proposed funding is $73,000,000 above the House allowance.

AMPHIBIOUS SHIPS

LHD-1 amphibious assault ship advance procurement.—The Committee recommends $35,000,000 for advance procurement for the LHD program. This is $197,000,000 below the budget request and the House allowance based on a recent contract award.

LPD Service Life Extension Program [SLEP].—The Committee recommends no funds for advance procurement of the LPD SLEP Program in accord with the Senate authorization action. This is the same as the House allowance.

MINE WARFARE AND PATROL SHIPS

MSH-1 coastal mine hunters.—The budget requests $196,100,000 for procurement of four coastal mine hunter ships [MSH]. Technical problems have plagued the progress of construction of the first MSH. The Navy is reconsidering this program and has no plans to award the fiscal year 1986 contract. As such, the Committee recommends no funds for this program in fiscal year 1987 in agreement with Senate authorization assumptions.

The Committee has followed the development of surface effect ship [SES] technology in the Navy and has noted the considerable Government investment to date. In order to carry out the continuation of technical achievement and to insure the DOD policy of continuity of development, the Committee believes there should be no gap or loss of timeliness in the current program.

The Committee, therefore, is encouraging the Navy as it realigns the present program to utilize existing assets to further the technical advantages of shock protection by the air cushion of SES hullforms and the use of glass reinforced plastic in the Navy.

The Committee stipulates that of the funds remaining available for the MSH program, $5,000,000 shall be to continue work studying the surface effect hull form technology including the related shock attenuation benefits in conjunction with the first MSH ship construction effort.

The Committee is aware that there continues to be an urgent need for mine hunters and that performance requirements have not changed. The Navy is currently planning to use funds previously provided for MSH to award contracts for a new design and lead ship. The Committee supports this move because of the need to act quickly in this area. However, it will only support this effort with the understanding that construction of the lead ship and all other follow-on ships will be in the United States. Furthermore, the Committee directs that all follow-on ships be competed between two U.S. shipbuilders to obtain the maximum cost savings.

AUXILIARIES, CRAFT, AND OTHER ADJUSTMENTS

Fleet oiler conversion (AO–Jumbo).—The Committee recommends $62,300,000, the same as the budget request, for conversion of an existing oiler ship (AO–177 class) to carry 180,000 barrels an increase of 60,000 barrels. It appears the Navy is considering reconfiguring this vessel to decrease its maximum barrel capacity to 160,000 barrels and include capability to transport ammunition. The Committee believes the need for 180,000 barrel capability overrides the requirement for additonal ammunition carriers. As such, this funding request is approved with the stipulation that the conversion expands the capacity of the oiler to 180,000 barrels. The House denies funds for this program.

AOE fast combat support ship.—The Committee recommends no funds for the construction of the first in a new class of station ships. This is in compliance with the Senate authorization bill which denies funds for this program. The Committee is concerned with the overall cost of this program which exceeds $600,000,000. While this cost is significantly lower than the projections made in conjunction with Committee consideration of the fiscal year 1986 funding request, it is still unaffordable in the current financial situation.

The House provides $181,100,000 and a transfer of $318,600,000 for a total of $499,700,000 for this program. This is $113,000,000 below the budget request.

Fleet oiler (T–AO).—The Committee recommends $259,000,000 for two T–AO fleet oilers. This is $16,500,000 below the budget request based on contract savings. The House provides $209,600,000 including $49,400,000 transferred from prior-year funds. The Committee has addressed the use of prior-year funds elsewhere in this report.

T–AGOS surtass ships.—The Committee recommends $130,100,000 for purchase of one T–AGOS monohull and one T–AGOS SWATH ships. This is a reduction of $18,000,000 from the budget request and the House allowance.

The Committee has reviewed the T–AGOS program and questions the need for the Navy to continue constructing monohull ships. The

Navy testified to the Committee that it will discontinue production of monohull ships after 1987 in favor of a twin-hulled SWATH version. The Navy is moving to the SWATH ship because the monohull is ineffective in high sea states. The Committee believes the Navy should end monohull production with the one ship recommended in this allowance. All future T-AGOS should be the SWATH version.

In conjunction with this recommendation the Committee supports Navy's plan to recompete two T-AGOS ships previously awarded to a shipbuilder who has filed for bankruptcy. The construction of these two vessels will allow a production rate of three monohulls in 1987.

In addition, the Committee recommends a rescission of $68,000,000 related to funds originally provided for the first SWATH ship. The estimate for construction of a lead SWATH ship is in excess of this amount. Because the Navy does not plan to award a contract for this ship until fiscal year 1987, the Committee has recommended the rescission instead of supplementing the funds previously provided. This decision should not affect the SWATH schedule, and it will protect the full funding principle.

Strategic sealift.—The Committee recommends $77,800,000 for strategic sealift. This is $50,000,000 above the request and $77,800,000 above the House allowance. The recommended funding will provide for purchase of roll-on/roll-off vessels, breakbulk cargo ships, and tankers for the Ready Reserve Fleet, in accordance with the priorities established under MSC Release PAO 8-1-86. The Navy should consider all Government cost factors in its purchase determinations.

The House funded this program through prior-year assets. The Committee's recommendation on the use of prior-year funds is discussed elsewhere.

Sealift enhancement.—The Committee recommends $20,700,000 for sealift enhancement, the same as the budget request. The House denied funds for this program.

Ship contract design.—The Committee recommends $69,400,000 for ship design. The House provides this funding in the Navy "Research and development" account.

Outfitting.—The Committee recommends $217,589,000 for outfitting funds. The allowance is $8,511,000 below the budget request and the House level. The reduction is based on a delay in the MSH program.

Post delivery.—The House reduces the request for post delivery funds by $8,500,000 due to a delay in the MCM program. The Committee concurs in this recommendation.

Service craft.—The Committee recommends $39,900,000 for service craft programs the same as the budget request. The House provides $74,900,000 for this effort, including $35,000,000 for procurement of coastal hydrographic vessels. In the absence of clear requirements, the Committee does not support this unbudgeted increase.

Other House adjustments.—The House uses prior-year assets to provide funding for the AGOR oceanographic research ship, landing craft, and TACS crane ship. The Committee has discussed the use of prior-year funds elsewhere and has fully provided for these programs through new appropriations.

Inflation.—The Committee recommends a reduction of $124,000,000 from the budget due to lower inflation. This is $15,500,000 below the House adjusted funding.

Profit policy change.—The Committee recommends a reduction of $35,350,000 based on new profit policies to be in effect during fiscal year 1987.

OTHER PROCUREMENT, NAVY

1986 appropriation	$6,377,630,000
1986 adjusted	6,081,631,000
1987 budget estimate	6,538,800,000
House allowance	5,492,515,000
Committee recommendation	5,988,429,000

The Committee recommends an appropriation of $5,988,429,000, a decrease of $550,371,000 below the President's budget and $400,501,000 more than the House allowance.

This appropriation finances the procurement of major equipment and weapons other than ships, aircraft, missiles, torpedoes, and guns. Equipments range from the latest electronic sensors for updating of naval forces to trucks, training equipment, and spare parts.

COMMITTEE RECOMMENDED PROGRAM

The following table details the Committee recommendation in comparison to the budget request and the House-reported allowance.

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
OCEANOGRAPHIC RESEARCH SHIP..............................	1	33,000	---	33,000	--	---	--	+33,000
OCEANOGRAPHIC RESEARCH SHIP (BY TRANSFER)...........	--	---	(33,000)	---	--	---	--	(-33,000)
SERVICE CRAFT..	--	39,900	---	39,900	--	---	--	+39,900
SERVICE CRAFT (BY TRANSFER).........................	--	---	(74,900)	---	--	---	--	(-74,900)
LANDING CRAFT..	--	19,000	---	19,000	--	---	--	+19,000
LANDING CRAFT (BY TRANSFER).........................	--	---	(19,000)	---	--	---	--	(-19,000)
STRATEGIC SEALIFT....................................	--	27,800	---	77,800	--	+50,000	--	+77,800
STRATEGIC SEALIFT (BY TRANSFER).....................	--	---	(45,000)	---	--	---	--	(-45,000)
SEALIFT ENHANCEMENT..................................	--	20,700	---	20,700	--	---	--	+20,700
OUTFITTING...	--	226,100	226,100	217,589	--	-8,511	--	-8,511
POST DELIVERY..	--	167,800	159,300	159,300	--	-8,500	--	---
SHIP CONTRACT DESIGN.................................	--	69,400	---	69,400	--	---	--	+69,400
TACS CRANE SHIP......................................	2	61,100	---	61,100	--	---	--	+61,100
TACS CRANE SHIP (BY TRANSFER).......................	--	---	(61,100)	---	--	---	--	(-61,100)
TOTAL, AUXILIARIES, CRAFT, AND PRIOR-YEAR PROGR.....		1,763,400	924,200	1,149,189		-614,211		+224,989
INFLATION SAVINGS, FY87..............................	--	---	-108,500	-124,000	--	-124,000	--	-15,500
PROFIT POLICY CHANGE.................................	--	---	---	-35,350	--	-35,350	--	-35,350

TOTAL, SHIPBUILDING AND CONVERSION, NAVY............	11,046,200	9,213,100	9,714,539	-1,331,661	+501,439
TRANSFER FROM OTHER ACCOUNTS......................	---	(902,600)	(584,500)	(+584,500)	(-318,100)
TOTAL FUNDING AVAILABLE..........................	11,046,200	10,115,700	10,299,039	-747,161	+183,339

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
OTHER PROCUREMENT, NAVY								
SHIPS SUPPORT EQUIPMENT								
SHIP PROPULSION EQUIPMENT								
LM-2500 GAS TURBINE	--	22,351	9,000	20,550	--	-1,801	--	+11,550
LM-2500 GAS TURBINE (BY TRANSFER)	--	---	(1,000)	---	--	---	--	(-1,000)
ALLISON 501K GAS TURBINE	2	14,740	14,740	14,740	--	---	--	---
LM2500 SPECIAL SUPPORT EQUIPMENT	--	967	967	967	--	---	--	---
STEAM PROPULSION IMPROVEMENT PROGRAM	--	11,766	6,470	11,766	--	---	--	+5,296
OTHER PROPULSION EQUIPMENT	--	27,249	26,251	26,349	--	-900	--	+98
OTHER PROPULSION EQUIPMENT (BY TRANSFER)	--	---	(81)	---	--	---	--	(-81)
GENERATORS								
OTHER GENERATORS	--	14,946	14,946	14,946	--	---	--	---
PUMPS								
OTHER PUMPS	--	18,538	18,538	18,538	--	---	--	---
AIR COMPRESSORS								
HIGH PRESSURE AIR COMPRESSOR	28	7,048	7,048	7,048	--	---	--	---
OTHER AIR COMPRESSORS	8	1,461	1,461	1,461	--	---	--	---

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
PROPELLERS								
SUBMARINE PROPELLERS..................................	17	2,157	2,157	2,157	--	---	--	---
OTHER PROPELLERS AND SHAFTS...........................	--	9,557	9,557	9,557	--	---	--	---
NAVIGATION EQUIPMENT								
ELECTRICALLY SUSPENDED GYRO NAVIGATOR.................	13	34,510	34,510	34,510	--	---	--	---
CARRIER NAVIGATION SYSTEM.............................	--	3,433	3,433	3,433	--	---	--	---
OTHER NAVIGATION EQUIPMENT............................	--	8,850	8,850	8,850	--	---	--	---
UNDERWAY REPLENISH EQUIP								
UNDERWAY REPLENISHMENT EQUIPMENT......................	--	2,959	2,959	2,959	--	---	--	---
PERISCOPES								
TYPE 18 PERISCOPE.....................................	--	21,325	21,325	21,325	--	---	--	---
TYPE 8 PERISCOPES.....................................	--	282	282	282	--	---	--	---
PERISCOPES AND ACCESSORIES............................	--	5,603	5,603	5,603	--	---	--	---
OTHER SHIPBOARD EQUIPMENT								
FIREFIGHTING EQUIPMENT................................	--	11,848	11,848	11,848	--	---	--	---
COMMAND AND CONTROL SWITCHBOARDS......................	5	2,799	2,799	2,799	--	---	--	---
POLLUTION CONTROL EQUIPMENT...........................	--	8,471	8,471	8,471	--	---	--	---
SUBMARINE SILENCING EQUIPMENT.........................	--	27,084	27,084	27,084	--	---	--	---
SURFACE SHIP SILENCING EQUIPMENT......................	--	8,975	8,975	8,975	--	---	--	---

SUBMARINE BATTERIES	53	12,200	12,200	12,200	--	---	--	---
STRATEGIC PLATFORM SUPPORT EQUIPMENT	--	72,778	72,778	72,778	--	---	--	---
DSSP EQUIPMENT	--	9,797	9,797	9,797	--	---	--	---
SEALIFT SUPPORT EQUIPMENT	--	58,277	70,277	41,577	--	-16,700	--	-28,700
MINESWEEPING CABLE	--	7,350	7,350	7,350	--	---	--	---
HM+E ITEMS UNDER 900K	--	28,661	28,661	20,461	--	-8,200	--	-8,200
SURFACE IMA	--	21,877	21,877	21,877	--	---	--	---
RADIOLOGICAL CONTROLS	--	227	227	227	--	---	--	---
MINI/MICROMINI ELECTRONIC REPAIR	--	1,001	1,001	1,001	--	---	--	---
CHEMICAL WARFARE DETECTORS	214	10,940	10,940	10,940	--	---	--	---
SUBMARINE LIFE SUPPORT SYSTEM	15	27,892	27,892	27,892	--	---	--	---
HM&E ENGINEERED MAINTENANCE	--	4,067	4,067	4,067	--	---	--	---
REACTOR PLANT EQUIPMENT								
REACTOR POWER UNITS	6	202,502	202,502	202,502	--	---	--	---
REACTOR COMPONENTS	--	227,883	227,883	227,883	--	---	--	---
OCEAN ENGINEERING								
DIVING AND SALVAGE EQUIPMENT	--	11,855	11,855	11,855	--	---	--	---
NAVAL SPECIAL WARFARE EQUIPMENT	--	31,707	25,051	31,707	--	---	--	+6,656
SMALL BOATS								
SMALL BOATS	340	19,570	19,570	15,570	--	-4,000	--	-4,000
TRAINING EQUIPMENT								
NEW SHIP TRAINING EQUIP	--	12,547	12,547	12,547	--	---	--	---
OTHER SHIPS TRAINING EQUIPMENT	--	6,075	6,075	6,075	--	---	--	---
PRODUCTION FACILITIES EQUIPMENT								
CALIBRATION EQUIPMENT	--	1,590	1,590	1,590	--	---	--	---
PRODUCTION SUPPORT FACILITIES	--	13,737	13,737	13,737	--	---	--	---

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
OPERATING FORCES IPE..................................	--	4,914	4,914	4,914	--	---	--	---
GENERAL REDUCTION.................................	--	---	-50,000	---	--	---	--	+50,000
TOTAL, SHIPS SUPPORT EQUIPMENT......................		1,054,366	990,065	1,022,765		-31,601		+32,700
COMMUNICATIONS AND ELECTRONICS EQUIPMENT								
SHIP RADARS								
AN/SPS-67..	17	7,209	7,209	7,209	--	---	--	---
AN/SPS-40..	--	17,732	17,732	17,732	--	---	--	---
AN/SPS-48..	--	48,800	48,800	48,800	--	---	--	---
AN/SPS-49..	--	17,012	17,012	17,012	--	---	--	---
AN/SYS-()...	4	13,725	13,594	13,725	--	---	--	+131
AN/SYS-() (BY TRANSFER)...........................	--	---	(60)	---	--	---	--	(-60)
AN/SYS-() (BY TRANSFER)...........................	--	---	(71)	---	--	---	--	(-71)
MK 23 TARGET ACQUISITION SYSTEM......................	12	20,080	20,080	20,080	--	---	--	---
RADAR SUPPORT......................................	--	13,869	13,869	13,869	--	---	--	---
SHIP SONARS								
AN/SQS-26/53/53A...................................	--	14,222	14,222	14,222	--	---	--	---
AN/SQS-53B...	4	25,086	24,822	25,086	--	---	--	+264
AN/SQS-53C...	1	34,001	34,001	34,001	--	---	--	---
AN/BQQ-5...	--	83,327	83,327	83,327	--	---	--	---

TB-16 TOWED ARRAY (MYP)	10	4,610	4,610	4,610	--	---	--	---
SURF SONAR WINDOWS AND DOMES	--	10,378	10,378	10,378	--	---	--	---
SONAR SUPPORT EQUIPMENT	--	10,430	10,430	10,430	--	---	--	---
SONAR SWITCHES AND TRANSDUCERS	--	36,470	25,833	35,270	--	-1,200	--	+9,437
SONAR SWITCHES AND TRANSDUCERS (BY TRANSFER)	--	---	(9,487)	---	--	---	--	(-9,487)
FBM SYSTEM SONARS	--	1,787	1,787	1,787	--	---	--	---
ASW ELECTRONIC EQUIPMENT								
SUBMARINE ACOUSTIC WARFARE SYSTEMS	--	23,231	23,231	23,231	--	---	--	---
AN/SLQ-25 (NIXIE)	27	9,359	---	8,259	--	-1,100	+27	+8,259
ACOUSTIC COMMUNICATIONS	--	655	655	655	--	---	--	---
SUBMARINE ADVANCED COMBAT SYSTEM	--	46,228	46,228	46,228	--	---	--	---
SOSUS	--	83,183	83,183	83,183	--	---	--	---
AN/SQR-17 ACOUSTIC PROCESSOR	8	7,829	16,929	---	-8	-7,829	-20	-16,929
AN/SQR-18 TOWED ARRAY SONAR	--	28,721	23,598	24,721	--	-4,000	--	+1,123
AN/SQR-18 TOWED ARRAY SONAR (BY TRANSFER)	--	---	(1,110)	---	--	---	--	(-1,110)
AN/SQR-15 TOWED ARRAY SONAR	--	1,197	1,197	1,197	--	---	--	---
AN/SQR-19 TOWED ARRAY SONAR	10	112,414	---	103,038	--	-9,376	+10	+103,038
SURTASS	--	19,750	19,750	10,382	--	-9,368	--	-9,368
ASW OPERATIONS CENTER	--	12,723	12,723	12,723	--	---	--	---
CARRIER ASW MODULE	--	27,894	27,124	27,394	--	-500	--	+270
CARRIER ASW MODULE (BY TRANSFER)	--	---	(310)	---	--	---	--	(-310)
ELECTRONIC WARFARE EQUIPMENT								
AN/SLQ-32	--	75,993	75,993	75,993	--	---	--	---
AN/SLQ-17	5	14,197	14,197	14,197	--	---	--	---
AN/WLR-1	--	4,269	4,269	4,269	--	---	--	---
OFFBOARD DECEPTION DEVICES	--	22,554	22,554	22,554	--	---	--	---
EW SUPPORT EQUIPMENT	--	10,240	10,240	10,240	--	---	--	---
FLEET EW SUPPORT GROUP	--	1,648	1,648	1,648	--	---	--	---
C3 COUNTERMEASURES	--	69,155	69,155	39,155	--	-30,000	--	-30,000

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
RECONNAISSANCE EQUIPMENT								
COMBAT CRYPTOLOGIC SUPPORT CONSOLE	--	5,203	5,203	5,203	--	---	--	---
COMBAT DF	--	36,665	36,665	36,665	--	---	--	---
OUTBOARD	--	26,063	24,803	26,063	--	---	--	+1,260
OUTBOARD (FY86 TRANS)	--	---	(1,260)	---	--	---	--	(-1,260)
NAVAL INTELLIGENCE PROCESSING SYSTEM	--	9,595	9,595	9,595	--	---	--	---
SUBMARINE SURVEILLANCE EQUIPMENT								
AN/WLQ-4 DEPOT	--	1,170	1,170	1,170	--	---	--	---
AN/WLQ-4 IMPROVEMENTS	--	3,582	3,582	3,582	--	---	--	---
AN/BLD-1 (INTERFEROMETER)	--	---	16,800	---	--	---	--	-16,800
SUBMARINE SUPPORT EQUIPMENT PROGRAM	--	4,911	4,911	4,911	--	---	--	---
OTHER SHIP ELECTRONIC EQUIPMENT								
NAVY TACTICAL DATA SYSTEM	--	104,681	103,301	104,681	--	---	--	+1,380
NAVY TACTICAL DATA SYSTEM (BY TRANSFER)	--	---	(1,380)	---	--	---	--	(-1,380)
TACTICAL FLAG COMMAND CENTER	3	17,237	17,237	17,237	--	---	--	---
COMMAND AND CONTROL PROCESSOR	4	3,939	3,939	3,939	--	---	--	---
MINESWEEPING SYSTEM REPLACEMENT	--	2,149	2,149	2,149	--	---	--	---
NAVSTAR GPS RECEIVERS	135	24,915	24,915	24,915	--	---	--	---
HF LINK-11 DATA TERMINALS	18	4,324	4,324	4,324	--	---	--	---
ARMED FORCES RADIO AND TV	--	5,127	5,127	5,127	--	---	--	---
STRATEGIC PLATFORM SUPPORT EQUIPMENT	--	161,346	161,346	161,346	--	---	--	---

TRAINING EQUIPMENT								
OTHER NAVSEA TRAINING EQUIPMENT........................	--	5,035	5,035	5,035	--	---	--	---
AVIATION ELECTRONIC EQUIPMENT								
MATCALS...	--	29,556	29,556	29,556	--	---	--	---
SHIPBOARD AIR TRAFFIC CONTROL.........................	--	12,914	12,914	12,914	--	---	--	---
AUTOMATIC CARRIER LANDING SYSTEMS.....................	--	23,092	---	23,092	--	---	--	+23,092
TACAN...	--	873	873	873	--	---	--	---
AIR STATION SUPPORT EQUIPMENT.........................	--	15,054	15,054	15,054	--	---	--	---
MICROWAVE LANDING SYSTEM..............................	12	6,146	---	6,146	--	---	--	+6,146
FACSFAC...	--	22,098	21,086	22,098	--	---	--	+1,012
FACSFAC (BY TRANSFER)................................	--	---	(1,012)	---	--	---	--	(-1,012)
RADAR AIR TRAFFIC CONTROL.............................	15	1,521	1,521	1,521	--	---	--	---
MK XII AIMS IFF.......................................	--	9,422	9,422	8,664	--	-758	--	-758
OTHER SHORE ELECTRONIC EQUIPMENT								
NAVAL SPACE SURVEILLANCE SYSTEM.......................	--	3,053	---	3,053	--	---	--	+3,053
SPACE SYSTEM PROCESSING...............................	--	2,166	2,166	2,166	--	---	--	---
MULTOTS...	--	1,242	1,242	1,242	--	---	--	---
NCCS ASHORE...	--	39,604	39,604	39,604	--	---	--	---
RADIAC..	--	7,931	7,931	7,931	--	---	--	---
OVER THE HORIZON RADAR................................	--	2,270	---	2,270	--	---	--	+2,270
GPETE...	--	28,326	28,326	28,326	--	---	--	---
INTEG COMBAT SYS TEST FACILITY........................	--	4,806	4,806	4,806	--	---	--	---
CALIBRATION STANDARDS.................................	--	8,216	8,216	8,216	--	---	--	---
EMI CONTROL INSTRUMENTATION...........................	--	7,369	7,369	7,369	--	---	--	---
SHORE ELEC ITEMS UNDER $900K..........................	--	8,718	8,718	8,718	--	---	--	---
SHIPBOARD COMMUNICATIONS								
SHIPBOARD HF COMMUNICATIONS...........................	--	11,737	11,737	11,737	--	---	--	---
SHIPBOARD UHF COMMUNICATIONS..........................	--	9,445	9,445	8,220	--	-1,225	--	-1,225

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
FLIGHT DECK COMMUNICATIONS............................	--	1,991	1,991	1,991	--	---	--	---
PORTABLE RADIOS.......................................	674	8,282	8,282	8,282	--	---	--	---
SHIP COMMUNICATIONS AUTOMATION........................	--	17,950	17,950	17,487	--	-463	--	-463
SHIP COMM ITEMS UNDER $900K...........................	--	13,486	13,486	13,486	--	---	--	---
SEALIFT SHIP COMM.....................................	--	4,716	4,716	4,716	--	---	--	---
SUBMARINE COMMUNICATIONS								
ELF COMMUNICATIONS....................................	77	30,836	30,836	30,836	--	---	--	---
SHORE LF/VLF COMMUNICATIONS...........................	--	17,781	15,329	17,781	--	---	--	+2,452
SHORE LF/VLF COMMUNICATIONS (BY TRANSFER)...........	--	---	(2,452)	---	--	---	--	(-2,452)
VERDIN..	--	11,824	11,824	11,824	--	---	--	---
SSN INTEGRATED COMMUNICATIONS.........................	--	2,237	2,237	2,237	--	---	--	---
SUBMARINE COMMUNICATION ANTENNAS......................	--	27,925	27,925	27,925	--	---	--	---
DATA COLLECTION AND RECORD SYS........................	25	943	943	943	--	---	--	---
SATELLITE COMMUNICATIONS								
SATCOM SHIP TERMINALS.................................	--	34,544	34,544	34,544	--	---	--	---
SATCOM SHORE TERMINALS................................	--	8,979	8,979	8,979	--	---	--	---
SHORE COMMUNICATIONS								
JCS COMMUNICATIONS EQUIPMENT..........................	--	6,739	6,739	2,439	--	-4,300	--	-4,300
ELECTRICAL POWER SYSTEMS..............................	--	1,523	1,523	1,523	--	---	--	---
SHORE HF COMMUNICATIONS...............................	--	11,334	11,334	11,034	--	-300	--	-300

JOINT TACTICAL COMM (TRI-TAC)........................	--	33,872	33,872	33,872	--	---	--	---
DCS TECH CONTROL IMPROVEMENTS........................	--	98	98	98	--	---	--	---
VOICE FREQ CARRIER TELEGRAPH.........................	--	49	49	49	--	---	--	---
ASHORE MOBILE COMM VANS..............................	--	6	6	6	--	---	--	---
WORLDWIDE WIDEBAND COMM..............................	--	3,655	3,655	3,655	--	---	--	---
WWMCCS COMMUNICATIONS EQUIPMENT......................	--	406	406	406	--	---	--	---
SHORE COMMUNICATIONS AUTOMATION......................	--	9,700	9,700	9,700	--	---	--	---
SHORE COMM ITEMS UNDER $900K.........................	--	2,054	2,054	2,054	--	---	--	---
CRYPTOGRAPHIC EQUIPMENT								
SINGLE AUDIO SYSTEM..................................	--	16,965	16,965	16,965	--	---	--	---
TSEC/KY-71/72 (STU-II/STU-IIM).......................	--	13,572	13,572	13,572	--	---	--	---
TSEC/KG-84...	--	27,871	49,371	49,371	--	+21,500	--	---
TSEC/KY-57/58 (VINSON)...............................	--	20,397	20,397	20,397	--	---	--	---
TSEC/KYV-5 (ANDVT)...................................	--	6,333	6,333	6,333	--	---	--	---
TSEC/KW-46...	--	8,797	8,797	8,797	--	---	--	---
TSEC/KG-81 (WALBURN).................................	--	1,188	1,188	1,188	--	---	--	---
TSEC/KG-44 (DMSP)....................................	--	5,013	5,013	5,013	--	---	--	---
TSEC/KGR-96 (ITSS)...................................	21	2,518	2,518	2,518	--	---	--	---
TRITAC CRYPTO..	--	28,414	26,414	23,837	--	-4,577	--	-2,577
TSEC/KGV-11..	632	14,784	14,784	14,784	--	---	--	---
COMMON FILL DEVICES..................................	--	479	479	479	--	---	--	---
SIGNAL SECURITY......................................	--	362	362	362	--	---	--	---
CRYPTOGRAPHIC ITEMS UNDER $900K......................	--	12,221	12,221	12,221	--	---	--	---
CRYPTOLOGIC EQUIPMENT								
CRYPTOLOGIC COMMUNICATIONS EQUIP.....................	--	810	810	810	--	---	--	---
SHIPS SIGNAL EXPLOITATION SPACE......................	--	1,625	1,625	1,625	--	---	--	---
CRYPTOLOGIC ITEMS UNDER $900K........................	--	5,613	5,613	5,613	--	---	--	---
CRYPTOLOGIC RESERVES EQUIPMENT.......................	--	1,172	1,172	1,172	--	---	--	---

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
CRYPTOLOGIC FIELD TRAINING EQUIP......................	--	768	768	768	--	---	--	---
SHORE CRYPTOLOGIC SUPPORT SYSTEM......................	--	2,020	2,020	2,020	--	---	--	---
OTHER ELECTRONIC SUPPORT								
WAR RESERVE...	--	1,013	1,013	1,013	--	---	--	---
ELEC ENGINEERED MAINT (NAVSEA)........................	--	5,153	5,153	5,153	--	---	--	---
ELEC ENGINEERED MAINT (NAVELEX).......................	--	1,933	1,933	1,933	--	---	--	---
GENERAL REDUCTION.....................................	--	---	-90,000	---	--	---	--	+90,000
TOTAL, COMMUNICATIONS AND ELECTRONICS EQUIPMENT.....		2,031,430	1,807,467	1,977,934		-53,496		+170,467
AVIATION SUPPORT EQUIPMENT								
SONOBUOYS								
AN/SSQ-36 (BT)..	32,536	4,728	4,728	4,728	--	---	--	---
AN/SSQ-53 (DIFAR).....................................	273,615	100,583	98,483	96,383	--	-4,200	--	-2,100
AN/SSQ-57 (SPECIAL PURPOSE)...........................	11,935	2,881	2,881	2,881	--	---	--	---
AN/SSQ-62 (DICASS)....................................	27,436	35,265	35,265	26,265	--	-9,000	--	-9,000
AN/SSQ-77 (VLAD)......................................	85,800	61,388	48,800	58,688	--	-2,700	--	+9,888
AN/SSQ-86 (DLC).......................................	1,860	2,840	2,840	2,840	--	---	--	---
SIGNAL UNDERWATER SOUND (SUS).........................	4,500	1,228	1,228	1,228	--	---	--	---
LOW COST SONOBOUY.....................................	490,000	26,569	---	---	-490,000	-26,569	--	---

AIR LAUNCHED ORDNANCE								
SKIPPER...	1,600	44,706	44,706	44,706	--	---	--	---
GENERAL PURPOSE BOMBS.............................	--	126,929	37,129	86,929	--	-40,000	--	+49,800
LASER GUIDED BOMB KITS............................	515	6,344	6,344	6,344	--	---	--	---
WALLEYE...	--	35,293	---	35,293	--	---	--	+35,293
ROCKEYE...	1,528	8,875	---	1,275	--	-7,600	+1,528	+1,275
ZUNI ROCKET.......................................	--	26,271	8,271	8,271	--	-18,000	--	---
2.75 INCH ROCKET..................................	--	31,416	31,416	31,416	--	---	--	---
PARACHUTE FLARES..................................	302	1,947	1,947	1,947	--	---	--	---
MACHINE GUN AMMUNITION............................	--	21,180	20,680	21,180	--	---	--	+500
PRACTICE BOMBS....................................	--	30,678	25,478	27,078	--	-3,600	--	+1,600
CARTRIDGES + CARTRIDGE ACTUATED DEVICES...............	--	25,253	25,253	25,253	--	---	--	---
AIRCRAFT ESCAPE ROCKETS...........................	--	7,458	7,458	7,458	--	---	--	---
AIRBORNE EXPENDABLE COUNTERMEASURES...................	--	40,852	31,252	31,252	--	-9,600	--	---
MARINE LOCATION MARKERS...........................	--	8,307	8,307	8,307	--	---	--	---
DEFENSE NUCLEAR AGENCY MATERIAL.......................	--	2,454	2,454	2,454	--	---	--	---
BIGEYE CHEMICAL WEAPON............................	585	28,533	---	28,533	--	---	+585	+28,533
JATOS...	--	2,621	2,021	2,621	--	---	--	+600
GATOR...	912	42,585	---	30,985	--	-11,600	+912	+30,985
MISC AIR LAUNCHED ORDNANCE........................	--	566	566	566	--	---	--	---
AIRCRAFT SUPPORT EQUIPMENT								
WEAPONS RANGE SUPPORT EQUIPMENT.......................	--	46,431	43,431	46,431	--	---	--	+3,000
WEAPONS RANGE SUPPORT EQUIPMENT (BY TRANSFER).......	--	---	(3,000)	---	--	---	--	(-3,000)
EXPEDITIONARY AIRFIELDS...........................	--	1,292	1,292	1,292	--	---	--	---
AIRCRAFT REARMING EQUIPMENT.......................	--	38,830	35,771	38,830	--	---	--	+3,059
AIRCRAFT REARMING EQUIPMENT (BY TRANSFER)...........	--	---	(3,059)	---	--	---	--	(-3,059)
CATAPULTS AND ARRESTING GEAR......................	--	33,670	33,670	33,670	--	---	--	---
METEOROLOGICAL EQUIPMENT..........................	--	19,015	19,015	19,015	--	---	--	---
OTHER PHOTOGRAPHIC EQUIPMENT......................	--	2,078	2,078	2,078	--	---	--	---
MISC SURVIVAL EQUIPMENT...........................	--	17,603	17,603	17,603	--	---	--	---

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
AIRBORNE MINE COUNTERMEASURES........................	--	32,304	19,821	19,821	--	-12,483	--	---
LAMPS MK III SHIPBOARD EQUIPMENT.....................	--	34,993	31,003	31,003	--	-3,990	--	---
REWSON PHOTOGRAPHIC EQUIPMENT........................	--	1,858	1,858	1,858	--	---	--	---
STOCK SURVEILLANCE EQUIPMENT.........................	--	1,971	1,971	1,971	--	---	--	---
OTHER AVIATION SUPPORT EQUIPMENT.....................	--	5,719	5,719	5,719	--	---	--	---
TOTAL, AVIATION SUPPORT EQUIPMENT..................		963,514	660,739	814,172		-149,342		+153,433
ORDNANCE SUPPORT EQUIPMENT								
SHIP GUN AMMUNITION								
3 /50 GUN AMMUNITION.................................	--	3,743	3,743	3,743	--	---	--	---
5 /38 GUN AMMUNITION.................................	--	6,309	6,309	6,309	--	---	--	---
5 /54 GUN AMMUNITION.................................	--	75,825	41,725	41,725	--	-34,100	--	---
5 INCH GUIDED PROJECTILE.............................	--	127,916	127,916	127,916	--	---	--	---
16 INCH GUN AMMUNITION...............................	--	7,667	7,667	7,667	--	---	--	---
CIWS AMMUNITION......................................	--	41,814	35,314	35,314	--	-6,500	--	---
76MM GUN AMMUNITION..................................	--	17,092	17,092	17,092	--	---	--	---
OTHER SHIP GUN AMMUNITION............................	--	25,990	19,090	19,090	--	-6,900	--	---
SHIP GUN SYSTEM EQUIPMENT								
GUN FIRE CONTROL EQUIPMENT...........................	--	19,188	19,188	19,188	--	---	--	---
COAST GUARD GUN SYSTEM...............................	2	20,930	20,930	20,930	--	---	--	---

SHIP MISSILE SYSTEMS EQUIPMENT								
MK 92 FIRE CONTROL SYSTEM.............................	--	3,471	3,471	3,471	--	---	--	---
MK-92 CORT...	--	---	54,000	---	--	---	--	-54,000
HARPOON SUPPORT EQUIPMENT.............................	--	13,041	13,041	13,041	--	---	--	---
TERRIER SUPPORT EQUIPMENT.............................	--	56,810	56,810	56,810	--	---	--	---
TARTAR SUPPORT EQUIPMENT..............................	--	47,052	47,052	47,052	--	---	--	---
POINT DEFENSE SUPPORT EQUIPMENT (MYP).................	--	42,314	42,314	6,314	--	-36,000	--	-36,000
AIRBORNE ECM/ECCM.....................................	--	1,061	1,061	1,061	--	---	--	---
AEGIS SUPPORT EQUIPMENT...............................	--	60,592	60,592	60,592	--	---	--	---
SURFACE TOMAHAWK SUPPORT EQUIPMENT....................	--	109,593	109,593	100,690	--	-8,903	--	-8,903
SUBMARINE TOMAHAWK SUPPORT EQUIPMENT..................	--	11,916	11,916	11,916	--	---	--	---
VERTICAL LAUNCH SYSTEM................................	4	137,767	131,339	104,934	-1	-32,833	-1	-26,405
FBM SUPPORT EQUIPMENT								
STRATEGIC PLATFORM SUPPORT EQUIPMENT..................	--	105,318	105,318	105,318	--	---	--	---
ASW SUPPORT EQUIPMENT								
MK 117 FIRE CONTROL SYSTEM............................	29	54,187	54,187	54,187	--	---	--	---
SUBMARINE ASW SUPPORT EQUIPMENT.......................	--	23,336	23,336	23,336	--	---	--	---
SURFACE ASW SUPPORT EQUIPMENT.........................	--	24,886	24,886	24,886	--	---	--	---
MK 116 FIRE CONTROL SYSTEM............................	4	40,929	14,224	34,014	-1	-6,915	-1	+19,790
ASW RANGE SUPPORT EQUIPMENT...........................	--	5,429	5,429	5,429	--	---	--	---
OTHER ORDNANCE SUPPORT EQUIPMENT								
EXPLOSIVE ORDNANCE DISPOSAL EQUIP.....................	--	15,238	15,238	8,538	--	-6,700	--	-6,700
SWIMMER WEAPONS SYSTEMS...............................	--	847	847	847	--	---	--	---
UNMANNED SEABORNE TARGET..............................	--	2,872	2,872	2,872	--	---	--	---
ANTI-SHIP MISSILE DECOY SYSTEMS.......................	5	6,362	6,362	6,362	--	---	--	---
CALIBRATION EQUIPMENT.................................	--	6,290	6,290	6,290	--	---	--	---

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty.	Amount			Qty.	Amount	Qty.	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
STOCK SURVEILLANCE EQUIPMENT..........................	--	2,096	2,096	2,096	--	---	--	---
OTHER ORDNANCE TRAINING EQUIPMENT.....................	--	2,362	2,362	2,362	--	---	--	---
OTHER EXPENDABLE ORDNANCE								
SMALL ARMS AND LANDING PARTY AMMO.....................	--	31,002	31,002	31,002	--	---	--	---
PYROTECHNIC AND DEMOLITION MATERIAL...................	--	29,613	29,613	29,613	--	---	--	---
QUICKSTRIKE...	--	29,852	---	29,852	--	---	--	+29,852
QUICKSTRIKE (BY TRANSFER).............................	--	---	(37,735)	---	--	---	--	(-37,735)
FLEET MINE SUPPORT EQUIPMENT..........................	--	20,692	20,692	20,692	--	---	--	---
MINE NEUTRALIZATION DEVICES...........................	--	2,719	2,719	2,719	--	---	--	---
DEFENSE NUCLEAR AGENCY MATERIAL.......................	--	7,435	7,435	7,435	--	---	--	---
SHIPBOARD EXPENDABLE COUNTERMEASURES..................	--	18,264	18,264	18,264	--	---	--	---
GENERAL REDUCTION.....................................	--	---	-60,000	---	--	---	--	+60,000
TOTAL, ORDNANCE SUPPORT EQUIPMENT..................		1,259,820	1,143,335	1,120,969		-138,851		-22,366
CIVIL ENGINEERING SUPPORT EQUIPMENT								
PASSENGER CARRYING VEHICLES...........................	810	10,925	---	10,925	--	---	+810	+10,925
TRUCKS..	2,639	38,335	---	38,335	--	---	+2,639	+38,335
TRAILERS..	326	4,811	---	4,811	--	---	+326	+4,811
CRUSH, MIX, BATCH, PAVE EQUIPMENT.....................	--	4,987	4,987	4,987	--	---	--	---
DRILLING AND BLASTING EQUIPMENT.......................	--	3,094	3,094	3,094	--	---	--	---
EARTH MOVING EQUIPMENT................................	300	11,244	11,244	11,244	--	---	--	---

LIGHTING AND POWER GENERATING EQUIP....................	--	2,415	2,415	2,415	--	---	--	---
MISC CONSTRUCTION AND MAINTENANCE EQUIP...............	--	5,957	5,957	5,957	--	---	--	---
FIRE FIGHTING EQUIPMENT..............................	60	4,680	4,680	4,680	--	---	--	---
WEIGHT HANDLING EQUIPMENT............................	82	13,210	13,210	13,210	--	---	--	---
AMPHIBIOUS EQUIPMENT.................................	--	32,987	32,987	32,987	--	---	--	---
AMPHIBIOUS EQUIPMENT (BY TRANSFER)..................	--	---	(13,977)	---	--	---	--	(-13,977)
COMBAT CONSTRUCTION SUPPORT EQUIPMENT................	--	9,296	9,296	9,296	--	---	--	---
MOBILE UTILITIES SUPPORT EQUIPMENT...................	--	2,152	2,152	2,152	--	---	--	---
COLLATERAL EQUIPMENT.................................	--	2,284	2,284	2,284	--	---	--	---
OCEAN CONSTRUCTION EQUIPMENT.........................	--	1,318	1,318	1,318	--	---	--	---
FLEET MOORINGS.......................................	--	4,460	4,460	4,460	--	---	--	---
POLLUTION CONTROL EQUIPMENT..........................	--	1,932	1,932	1,932	--	---	--	---
OTHER CIVIL ENG SUPPORT EQUIPMENT....................	--	2,625	2,625	2,625	--	---	--	---
FLEET HOSPITALS......................................	4	110,548	18,748	83,448	-1	-27,100	-1	+64,700
TOTAL, CIVIL ENGINEERING SUPPORT EQUIPMENT..........		267,260	121,389	240,160		-27,100		+118,771
SUPPLY SUPPORT EQUIPMENT								
FORKLIFT TRUCKS......................................	392	9,518	9,518	9,518	--	---	--	---
OTHER MATERIALS HANDLING EQUIPMENT...................	--	3,290	3,290	3,290	--	---	--	---
AUTOMATED MATERIALS HANDLING SYSTEMS.................	--	23,783	13,383	13,383	--	-10,400	--	---
OTHER SUPPLY SUPPORT EQUIPMENT.......................	--	9,023	9,023	9,023	--	---	--	---
SPECIAL PURPOSE SUPPLY SYSTEMS.......................	--	36,609	36,609	36,609	--	---	--	---
TOTAL, SUPPLY SUPPORT EQUIPMENT......................		82,223	71,823	71,823		-10,400		---

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty.	Amount			Qty.	Amount	Qty.	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
PERSONNEL AND COMMAND SUPPORT EQUIPMENT								
TRAINING DEVICES								
SURFACE SONAR TRAINERS...............................	--	33,368	33,368	33,368	--	---	--	---
SUBMARINE SONAR TRAINERS.............................	--	8,546	8,546	8,546	--	---	--	---
SURFACE COMBAT SYSTEM TRAINERS.......................	--	25,487	25,487	25,487	--	---	--	---
SUBMARINE COMBAT SYSTEM TRAINERS.....................	--	30,319	30,319	30,319	--	---	--	---
SHIP SYSTEM TRAINERS.................................	--	16,217	16,217	16,217	--	---	--	---
TRAINING SUPPORT EQUIP...............................	--	12,632	7,532	12,632	--	---	--	+5,100
TRAINING DEVICE MODIFICATIONS........................	--	3,340	3,340	3,340	--	---	--	---
COMMAND SUPPORT EQUIPMENT								
COMMAND SUPPORT EQUIPMENT............................	--	14,540	10,640	14,540	--	---	--	+3,900
EDUCATION SUPPORT EQUIPMENT..........................	--	4,966	4,966	4,966	--	---	--	---
MEDICAL SUPPORT EQUIPMENT............................	--	25,085	25,085	25,085	--	---	--	---
INTELLIGENCE SUPPORT EQUIPMENT.......................	--	52,823	50,239	50,642	--	-2,181	--	+403
ITEMS UNDER 900K.....................................	--	1,032	1,032	1,032	--	---	--	---
OPERATING FORCES SUPPORT EQUIPMENT...................	--	21,331	21,331	21,331	--	---	--	---
NAVAL RESERVE SUPPORT EQUIPMENT......................	--	4,992	---	4,992	--	---	--	+4,992
OCEANOGRAPHIC SUPPORT EQUIPMENT......................	--	25,592	20,200	25,592	--	---	--	+5,392
PHYSICAL SECURITY EQUIPMENT..........................	--	31,087	31,087	31,087	--	---	--	---
COMPUTER ACQUISITION PROGRAM								
COMPUTER ACQUISITION PROGRAM.........................	--	221,279	169,079	192,279	--	-29,000	--	+23,200

RESTORED HOUSE ADJUSTMENTS

The Committee does not recommend accepting the following House adjustments:

[In thousands of dollars]

	Budget request	House recommendation	Committee recommendation
Steam propulsion	11,766	6,470	11,766
Special warfare equipment	31,707	25,051	31,707
AN/SYS	13,725	13,594	13,725
AN/SQS-53 (B)	25,086	24,822	25,086
NTDS	104,681	103,301	104,681
Microwave landing system	6,146		6,146
FACSFAC	22,098	21,086	22,098
Shore communications	17,781	15,329	17,781
Walleye	35,293		35,293
Machine gun ammunition	21,180	20,680	21,180
Bigeye	28,533		28,533
JATO	2,621	2,021	2,621
Weapons range support equipment	46,431	43,431	46,431
QUICKSTRIKE	29,851		29,851
Passenger vehicles	10,925		10,925
Trucks	38,335		38,335
Trailers	4,811		4,811
Training support equipment	12,632	7,532	12,632
Command support equipment	14,540	10,640	14,540
Reserve equipment support	4,992		4,992
Oceanographic support equipment	25,592	20,200	25,592
Automated carrier landing system	23,092		23,092

COMMITTEE RECOMMENDED ADJUSTMENTS

The following program adjustments recommended by the Committee are based on General Accounting Office audit data, contract savings, or program slippages. Most of the following adjustments agree with the House program except for the diversion of prior-year available funds.

[In thousands of dollars]

	Budget request	Committee recommendation	Change from budget
Other propulsion equipment	27,249	26,349	-900
Sonar switches and transducers	36,470	35,270	-1,200
AN/SLQ-25	9,359	8,259	-1,100
AN/SQR-18 towed array sensor	28,721	24,721	-4,000
Carrier ASW module	27,894	27,394	-500
AN/SSQ-77 sonobuoy	61,388	58,688	-2,700
LM 2500 gas turbine	22,351	20,550	-1,801
Surveillance sonar (SURTASS)	19,750	10,382	-9,368
Mk. XII AIMS IFF	9,422	8,664	-758
Shipboard UHF communications	9,445	8,220	-1,225
Shipboard comm automation	17,950	17,487	-463
Shore HF communications	11,334	11,034	-300
Mk. 116 fire control system	40,929	34,014	-6,915
General purpose bombs	126,929	86,929	-40,000
Rockeye	8,875	1,275	-7,600
ZUNI 5-inch rocket	26,271	8,271	-18,000
Practice bombs	30,678	27,078	-3,600
Airborne expend countermeasures	40,852	31,252	-9,600

[In thousands of dollars]

	Budget request	Committee recommendation	Change from budget
5/54 ammunition	75,825	41,725	-34,100
CIWS ammunition	41,814	35,314	-6,500
Other ship ammunition	25,990	19,090	-6,900

SHIP SUPPORT EQUIPMENT

Sealift support equipment.—The Committee recommends a reduction of $16,700,000 in the request of $58,277,000. For affordability reasons the Committee recommends reduced initial production of flatracks and cargo stowage systems for fiscal year 1987. The Committee disagrees with the addition of unbudgeted sea sheds to the fiscal year 1987 program, proposed by the House. The Committee recommends that the Navy not increase sea shed procurement beyond a minimum sustainable annual production rate.

Hull, mechanical, electronics under $900,000.—The Committee recommends a reduction of $8,200,000 from the requested $28,661,000. The Committee is concerned by the tremendous growth in the funding requests for miscellaneous items rolled into budget activity end lines. Items that in aggregate total several millions of dollars, as in this case the landing craft utility and the SSN–688 Depot Maintenance Program should be budgeted separately to permit effective congressional and departmental review. The Committee urges the Navy to abide by the limits currently set for these accounts, and will consider compliance with the program cost limits for these accounts an item of special interest in review of the fiscal year 1988 budget request.

Small boats.—The Committee recommends a reduction of $4,000,000 in the request of $19,570,000. For affordability reasons, the Committee recommends deferral of two new start programs, the 44-foot naval sailtraining craft and the 65-foot coop boat.

COMMUNICATIONS AND ELECTRONICS EQUIPMENT

SQR–17 acoustic processors.—The Committee recommends a reduction of $7,800,000 in the budget request, deleting procurement of this item in fiscal year 1987. The Navy has indicated a preference to transition to other systems to perform the SQR–17 mission. The Committee supports the Navy in this effort and does not concur in the House proposal to add $9,100,000 to the budget request for the SQR–17.

C^3 countermeasures.—The Committee recommends a reduction of $30,000,000 in the budget request of $69,155,000 for airborne expendable buoys. The Navy has reduced the annual procurement requirement for the airborne expendable buoy, eliminating the need for second source funding in fiscal year 1987.

TRI–TAC crypto.—The Committee recommends a reduction of $4,577,000 in the request of $28,414,000. Navy restructuring of this classified program reduced the fiscal year 1987 funding requirement.

SQR-18 towed array sonar.—The Committee recommends a reduction of $4,000,000 from the request of $28,721,000. This adjustment reflects contract cost savings identified by a General Accounting Office review. The Committee disagrees with the House position that the fiscal year 1987 procurement for the SQR-18 should be competed. The program requested this year concludes purchase of this item by the Navy, and will be executed as an option to a current contract providing the stated savings. If the Navy determines a requirement for the SQR-18 in future years, the Committee would support competition of the renewed procurement.

SQR-19 towed array sonar.—The Committee supports the procurement of this system and disagrees with the House action. The critical requirement for the SQR-19 and maintenance of the current production program outweigh conerns over the issue raised in the House report. The Committee recommends a reduction of $9,376,000 in the request of $112,414,000 to reflect contract cost savings.

JCS communications.—The Committee recommends a reduction of $4,300,000 from the request of $6,736,000. Funding for the CINC initiatives program is denied in each of the Service accounts and consolidated in the Defense Communications Agency budget within the procurement, Defense Agencies request.

AVIATION SUPPORT EQUIPMENT

AN/SSQ-53 sonobuoy.—The Committee recommends a reduction of $4,200,000 from the request of $100,583,000. The sustained procurement profile for this program does not demonstrate a requirement for industrial surge funding.

AN/SSQ-62 sonobuoy.—The Committee recommends a reduction of $9,000,000 from the request of $35,265,000 for nonessential industrial surge funding.

Low cost sonobuoy.—The Committee recommends deferring all fiscal year 1987 funding due to Navy program review and testing delays. There are substantial prior-year unobligated balances available to continue the program when justified.

Gator mine.—The Committee recommends a reduction of $11,600,000 to reflect lower unit costs identified by the Navy. The Committee disagrees with the House action to deny all funding for this program and believes that the fiscal year 1987 Gator program can be executed as planned by the Navy.

Airborne mine countermeasures.—The Committee recommends a reduction of $12,483,000 in the request of $32,304,000 to reflect Navy termination of the ALQ-141 sonar program.

LAMPS MK III equipment.—The Committee recommends a reduction of $3,990,000 in the request of $34,993,990. This defers support equipment not needed for the fiscal year 1987 program thereby avoiding storage and maintenance costs.

Bigeye chemical bomb.—The Committee shares the concerns of the House regarding development and testing of the Bigeye bomb. The

Committee believes that an air-deliverable chemical munition provides significant deterrence against the potential use of chemical weapons against U.S. forces, and on that basis continues to support development of Bigeye.

The report released by the General Accounting Office on Bigeye raises numerous concerns as to the reliability and effectiveness of Bigeye and the binary chemical compound produced by the bomb. The Committee has reviewed the GAO report, the response provided by the Department of Defense, and the most recent Bigeye test results, and concludes that Bigeye merits production funding for fiscal year 1987.

Recognizing the seriousness of the issues raised in the course of the Bigeye debate, the Committee directs the Department of Defense to report to the House and Senate Committees on Appropriations on the following outstanding Bigeye concerns:

—Pressure buildup: The test results must demonstrate the viability of Bigeye at high temperature starts without venting.

—Purity/lethality: The Department must explain the difference between lethality and purity and why it changed this critical measure of bomb performance and chemical effectiveness.

—Flashing: The Department will provide test results indicating the level of resistence of the VX compound to auto-ignition at high temperatures.

—System reliability: The Department will provide Bigeye reliability figures not assuming successful performance of components that actually failed while undergoing testing.

This report shall be provided no later than August 1, 1987.

ORDNANCE SUPPORT EQUIPMENT

Point defense support.—The Committee recommends a reduction of $36,000,000 in the request of $42,314,000, deferring procurement of the rolling airframe missile command and launch system due to delays in development of the missile.

Vertical launch system [VLS].—The Committee recommends a reduction of $32,833,000 in the request of $137,767,000. Of the four VLS provided for in the budget, one VLS unit is scheduled for installation in fiscal year 1990. Funding for this unit is deferred until fiscal year 1988, which is in keeping with the Navy's programmed lead time for this system.

Surface Tomahawk support equipment.—The Committee recommends a reduction of $8,903,000 in the request of $109,593,000. The deferral of one VLS unit until fiscal year 1988 eliminates the requirement for one Tomahawk weapon control system.

Explosive ordnance disposal equipment.—The Committee recommends a reduction of $6,700,000 in the request of $15,238,000. Contracting delays for selected classified items are detailed in the classified annex to this report.

CIVIL ENGINEERING SUPPORT EQUIPMENT

Amphibious equipment.—The Committee disagrees with the House transfer of the fiscal year 1986 funds for the Navy's offshore petroleum discharge system [OPDS] to the fiscal year 1987 program. The Navy intends to obligate those funds prior to September 30, 1986. The Committee agrees with that plan. The Committee believes that the OPDS program might be more efficiently managed if the Navy were the exclusive procurement agent for the system, and directs the Navy to provide the Committee with a report proposing Navy management of this program and the associated costs and procurement schedule.

The Committee supports the Navy's request for amphibious equipment, but is concerned that the budget is inadequate to sustain production of logistics-over-the-shore items. The Committee directs the Navy to provide an additional $48,100,000 from within available funds to support the current production base. The Committee urges the Navy to consider the P–1 series steel pontoon as an alternative to the cantilevered elevated causeway [CANTELCAS] and to report to the Committee by February 1, 1987, an evaluation of this initiative.

Fleet hospitals.—The Committee recommends a reduction of $27,100,000 in the request of $110,548,000 to defer one 500 bed fleet communications zone hospital. The Navy's inability to conclude host nation support agreements and to obtain sufficient military construction funding to preposition these facilities permits deferral of one set in fiscal year 1987. The Committee is concerned over the current storage program for assembled hospital sets and urges the Navy to expedite overseas positioning of these units. The Committee requests the Navy to report its current positioning schedule and hospital assembly profile and associated storage costs no later than February 1, 1987.

SUPPLY SUPPORT EQUIPMENT

Automated materials handling systems.—The Committee recommends a reduction of $10,400,000 in the request of $23,783,000. This reduction defers the Norkolf bulk storage system due to affordability constraints.

PERSONNEL AND COMMAND SUPPORT EQUIPMENT

Computer acquisition.—The Committee recommends a reduction of $29,000,000 in the request of $221,279,000. The allowance for this activity provides for numerous computer and data processing upgrades to support both shipboard and landbased Navy activities. The Committee shares the concerns of the House regarding the NALCOMIS, SPLICE, and Trident LDS programs. This reduction should not impede execution of portions of the SPLICE general contract as they apply to the APADE system procurement, critical to Navy efforts to improve spare parts and supply acquisition.

Intelligence support equipment.—The Committee recommends a reduction of $2,181,000 in the request of $52,823,000 to delete items listed in the classified annex to this report.

Productivity incentives.—The Committee recommends a reduction of $13,000,000 in the request of $20,245,000 for programs that fail to meet the return on investment requirements for this activity.

SPARES AND REPAIR PARTS

Spares and repair parts.—The Committee recommends a reduction of $30,200,000 in the request of $323,892,000 in accordance with program adjustments made to this account.

Inflation.—The Committee recommends a reduction of $40,000,000 from the budget request for inflation adjustments. This reduction is based on a revision of estimated fiscal year 1987 inflation from 4.1 percent to 3 percent.

Profit policy change.—The Committee recommends a reduction of $25,200,000 based on new profit policies to be in effect during fiscal year 1987.

COASTAL DEFENSE AUGMENTATION

1986 appropriation	$235,000,000
1986 adjusted	223,485,000
1987 budget estimate	
House allowance	
Committee recommendation	200,000,000

The Committee recommends an appropriation of $200,000,000, an increase of $200,000,000 from the budget estimate and the House allowance.

This appropriation finances the procurement by the Department of Defense of vessels, aircraft, and equipment, and modernization of existing Goast Guard resources. These assets are made available to the Coast Guard for operation and maintenance.

Last year, the Committee initiated this appropriation account to allow the Department of Defense to purchase defense-related equipment for the Coast Guard. This equipment will augment existing assets which would be needed in meeting the wartime mission of the Coast Guard.

The recommended funding will provide for continuation of this arrangement. The Committee directs the Navy to work with the Coast Guard to identify those purchases which are most suitable under this appropriation allowance.

PROCUREMENT, MARINE CORPS

1986 appropriation	$1,660,766,000
1986 adjusted	1,579,388,000
1987 budget estimate	1,565,000,000
House allowance	1,444,896,000
Committee recommendation	1,451,599,000

The Committee recommends an appropriation of $1,451,599,000, a decrease of $113,401,000 below the President's budget and $6,703,000 more than the House allowance.

This appropriation provides the Marine Corps with funds for the procurement, delivery, and modification of missiles, armament, ammunition, communication equipment, tracked and wheeled vehicles, and various support equipment.

COMMITTEE RECOMMENDED PROGRAM

The following table details the Committee recommendation in comparison to the budget request and the House-reported allowance.

PRODUCTIVITY PROGRAMS								
PRODUCTIVITY INVESTMENT FUND (PIF)......................	--	20,245	20,245	7,245	--	-13,000	--	-13,000
PROD ENHANCING INCENTIVE FUND (PEIF)..................	--	3,414	3,414	3,414	--	---	--	---
TOTAL, PERSONNEL AND COMMAND SUPPORT EQUIPMENT......		556,295	482,127	512,114		-44,181		+29,987
SPARES & REPAIR PARTS								
SPARES AND REPAIR PARTS..............................	--	323,892	294,589	293,692	--	-30,200	--	-897
PRIOR YEAR PROGRAM SAVINGS............................	--	---	-19,419	---	--	---	--	+19,419
PRIOR YEAR PROGRAM SAVINGS (BY TRANSFER)............	--	---	(14,419)	---	--	---	--	(-14,419)
PRIOR YEAR PROGRAM SAVINGS (BY TRANSFER)............	--	---	(5,000)	---	--	---	--	(-5,000)
INFLATION SAVINGS, FY87..............................	--	---	-59,600	-40,000	--	-40,000	--	+19,600
PROFIT POLICY CHANGE.................................	--	---	---	-25,200	--	-25,200	--	-25,200
TOTAL, OTHER PROCUREMENT, NAVY......................		6,538,800	5,492,515	5,988,429		-550,371		+495,914
TRANSFER FROM OTHER ACCOUNTS......................		---	(95,413)	---		---		(-95,413)
TOTAL FUNDING AVAILABLE............................		6,538,800	5,587,928	5,988,429		-550,371		+400,501
COASTAL DEFENSE AUGMENTATION								
GENERAL INCREASE.....................................	--	---	---	200,000	--	+200,000	--	+200,000
TOTAL, COASTAL DEFENSE AUGMENTATION.................		---	---	200,000		+200,000		+200,000

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
PROCUREMENT, MARINE CORPS								
AMMUNITION								
LINEAR CHARGES:								
SMALL ARMS AMMO:								
CTG 5.56MM BALL M855	81,737	14,745	14,745	14,745	--	---	--	---
CTG 9MM BALL M882	35,758	3,794	3,794	3,794	--	---	--	---
MACHINE GUN AMMO:								
CTG 5.56MM LINKED (SAW)	6,831	2,148	2,148	2,148	--	---	--	---
CTG CAL 50 LINKED	2976,111	3,458	3,458	3,458	--	---	--	---
CTG 25MM APDS-T M791	103,381	1,738	1,738	1,738	--	---	--	---
CTG 25MM HEI-T M792	128,000	2,526	2,526	2,526	--	---	--	---
CTG 40MM LINKED M430	1689,137	18,134	18,134	18,134	--	---	--	---
CTG 7.62MM LINKED M80	16,155	4,000	4,000	4,000	--	---	--	---
MORTAR AMMO:								
CTG 60MM HE M888	94,777	3,603	3,603	3,603	--	---	--	---
CTG 60MM SMOKE WP M302 A1	106,916	7,520	7,520	7,520	--	---	--	---
CTG 81MM HE M821	200,329	41,400	41,400	41,400	--	---	--	---
CTG 81MM HE M889	564,685	91,767	53,084	68,367	-135,000	-23,400	+104,014	+15,283
CTG 81MM SMK M819	72,496	15,262	15,262	15,262	--	---	--	---
CTG 81MM ILLUM M853	278,647	57,223	57,223	57,223	--	---	--	---
GRENADES:								
GRENADE SMOKE SCREEN (IR)	44,320	3,991	3,991	3,991	--	---	--	---
GRENADE SMOKE SCREEN (RP)	71,527	3,000	3,000	3,000	--	---	--	---
SIGNAL ILLUM WSP	56,633	1,320	1,320	1,320	--	---	--	

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty.	Amount			Qty.	Amount	Qty.	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
ROCKETS:								
ROCKET 83MM (SMAW)	25,274	26,245	26,245	26,245	--	---	--	---
ROCKET 5 INCH MOTOR	1,216	3,995	3,995	3,995	--	---	--	---
LIGHT ANTI ARMOR WEAPON AT-4	15,696	11,040	11,040	13,940	+4,124	+2,900	+4,124	+2,900
TRAINING AMMO:								
CTG 40MM TP	240,575	1,611	1,611	1,611	--	---	--	---
CTG 81MM TP XM879	64,381	4,770	4,770	4,770	--	---	--	---
LINE CHARGE PRAC (TRLR)	370	3,184	3,184	3,184	--	---	--	---
CTG 25MM TP-T M793	309,811	3,653	3,653	3,653	--	---	--	---
ROCKET 83MM PRACTICE	13,356	11,035	11,035	11,035	--	---	--	---
CTG 5.56MM BLANK LKD (SAW)	4,858	1,078	1,078	1,078	--	---	--	---
CTG 5.56MM BLANK M200	30,988	3,427	3,427	3,427	--	---	--	---
CTG 7.62MM BLANK LINKED	11,241	2,359	2,359	2,359	--	---	--	---
155MM AMMO:								
CHG PROP RB M203A1	76,534	19,900	19,900	19,900	--	---	--	---
PROJ 155MM ADAM-L M692	10,385	38,798	7,000	38,798	--	---	+8,385	+31,798
PROJ 155MM ADAM-S M731	10,973	40,995	7,893	40,995	--	---	+8,973	+33,102
PROJ 155MM RAAMS-L M718	13,237	16,999	---	---	-13,237	-16,999	--	---
PROJ 155MM RAAMS-S M741	17,129	21,997	---	---	-17,129	-21,997	--	---
PROJ 155MM HE ICM (DP)M483	122,944	48,023	24,223	48,023	--	---	+61,000	+23,800
CHARGE PROP 155MM WHITE BAG M4A2	240,291	15,336	15,336	15,336	--	---	--	---
155MM PROJ COPPERHEAD	--	37,831	37,831	37,831	--	---	--	---
8 INCH AMMO, ALL TYPES	--	---	---	14,700	--	+14,700	--	+14,700
FUZES:								
FUZE MECHANICAL TIME (MT)	86,484	4,896	4,896	4,896	--	---	--	---

POINT DETONATING (PD)	--	7,997	7,997	7,997	--	---	--	---
AMMO MODERNIZATION	--	4,194	4,194	4,194	--	---	--	---
OTHER SUPPORT								
ITEMS LESS THAN $900K	--	3,331	3,331	3,331	--	---	--	---
GENERAL INCREASE, AMMUNITION	--	---	140,000	---	--	---	--	-140,000
TOTAL, AMMUNITION		608,323	581,944	563,527		-44,796		-18,417
WEAPONS AND COMBAT VEHICLES								
TRACKED COMBAT VEHICLES								
AAV7A1 PIP	100	14,268	14,268	14,268	--	---	--	---
MODIFICATION KITS (TRKD VEH)	--	1,005	1,005	1,005	--	---	--	---
BRIDGE, ARMORED VEH LAUNCHED	8	4,480	4,480	4,480	--	---	--	---
ARTILLERY AND OTHER WEAPONS								
POS AZIMUTH DETERM SYS (PADS)	17	5,633	---	5,633	--	---	+17	+5,633
M198 155MM HOWITZER	94	44,954	44,954	44,954	--	---	--	---
ITEMS LESS THAN $900K (ATL-OTH)	--	1,295	1,295	1,295	--	---	--	---
WEAPONS								
9MM HANDGUN	22,181	5,432	4,532	5,432	--	---	--	+900
MACHINE GUN, AUTO SAW 5.56MM	1,000	3,440	2,740	3,440	--	---	--	+700
M-16 5.56MM RIFLE	17,725	7,865	7,865	7,865	--	---	--	---
MK-19 40MM MACHINE GUN	189	1,912	1,012	1,912	--	---	--	+900
MORTAR, MED. EXTENDED RANGE	350	7,467	5,267	7,467	--	---	+100	+2,200
TOTAL, WEAPONS AND COMBAT VEHICLES		97,751	87,418	97,751		---		+10,333

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
GUIDED MISSILES AND EQUIPMENT								
GUIDED MISSILES								
HAWK	430	115,372	115,372	111,572	--	-3,800	--	-3,800
HAWK MOD	--	24,269	24,269	24,269	--	---	--	---
STINGER	1,442	69,284	69,284	69,284	--	---	--	---
TOW	3,400	33,524	32,324	26,700	-750	-6,824	-750	-5,624
OTHER SUPPORT								
MODIFICATION KITS	--	744	744	744	--	---	--	---
TOTAL, GUIDED MISSILES AND EQUIPMENT		243,193	241,993	232,569		-10,624		-9,424
COMMUNICATIONS AND ELECTRONICS EQUIPMENT								
MANPACK RADIOS								
MANPACK RADIOS AND EQUIP	--	2,662	2,662	2,662	--	---	--	---
VEHICLE MOUNTED RADIOS AND EQUIPMENT								
VEHICLE MTD RADIOS & EQUIPMENT	--	1,482	1,482	---	--	-1,482	--	-1,482
TELEPHONE AND TELETYPE EQUIPMENT								
UNIT LEVEL CIRCUIT SWITCH (ULCS)	--	74,199	74,199	74,199	--	---	--	---
ULCS LIFE CYCLE SUPPORT	--	8,035	8,035	8,035	--	---	--	---
TACT COMM CENTER EQUIP	13	199	199	199	--	---	--	---

AN/PSG( ) DIGITAL COMM TERMINAL	472	15,174	15,174	7,574	--	-7,600	--	-7,600
REPAIR AND TEST EQUIPMENT								
AUTO TEST EQUIP SYS	51	6,145	6,145	6,145	--	---	--	---
CALIBRATION FACILITY ELECTRONIC	--	9,830	9,830	9,830	--	---	--	---
MAINTENANCE COMPLEX, ELECTRONIC	--	10,599	10,599	10,599	--	---	--	---
ELECTRONIC TEST EQUIP (TEL)	10	2,706	2,706	2,706	--	---	--	---
OTHER COMM/ELEC EQUIPMENT								
ANDVT/TACTERM	75	2,681	2,681	2,681	--	---	--	---
OTHER SUPPORT (TEL)								
TEST CALIB + MAINT SPT	--	1,638	1,638	1,638	--	---	--	---
MODIFICATION KITS (TEL)	1	3,690	3,690	3,690	--	---	--	---
ITEMS LESS THAN $900K (TEL)	--	811	811	811	--	---	--	---
COMMAND + CONTROL SYSTEMS (NON-TEL)								
TACTICAL AIR OPER MODULE (TAOM)	7	50,458	50,458	50,458	--	---	--	---
AN/UYQ 4 SEMI AUTO,DIRECT AIR SUPPORT CENTRAL	--	6,310	6,310	6,310	--	---	--	---
RADAR + EQUIPMENT (NON-TEL)								
INTELL/COMM EQUIPMENT (NON-TEL)								
MOBILE EW SUP SYS (MEWSS)	12	15,367	15,367	15,367	--	---	--	---
REPAIR + TEST EQUIPMENT (NON-TEL)								
ELECTRONIC TDME REPAIR FACILITY	6	4,684	4,684	4,684	--	---	--	---
STE/ICE SIMPL TEST EQ	264	1,296	1,296	1,296	--	---	--	---
MECH TEST TMDE	1	2,446	2,446	2,446	--	---	--	---
ELECTRONIC TEST EQUIP (NONTEL)	--	3,344	3,344	3,344	--	---	--	---

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty.	Amount			Qty.	Amount	Qty.	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
OTHER COMM/ELEC EQUIPMENT (NON-TEL)								
NIGHT VISION EQUIPMENT..................................	--	1,927	1,927	1,927	--	---	--	---
ADP EQUIPMENT...	--	46,125	46,125	46,125	--	---	--	---
OTHER SUPPORT (NON-TEL)								
TEST CALIB & MAINT SPT (NON-TEL).......................	--	1,638	1,638	1,638	--	---	--	---
MODIFICATION KITS (NONTEL).............................	13	4,445	4,445	4,445	--	---	--	---
ITEMS LESS THAN $900K (NONTEL).........................	--	970	970	970	--	---	--	---
TOTAL, COMMUNICATIONS AND ELECTRONICS EQUIPMENT.....		278,861	278,861	269,779		-9,082		-9,082
SUPPORT VEHICLES								
ADMINISTRATIVE VEHICLES								
COMMERCIAL PASSENGER VEHICLES..........................	--	2,278	---	2,278	--	---	--	+2,278
COMMERCIAL CARGO VEHICLES..............................	1	3,814	---	3,814	--	---	+1	+3,814
TACTICAL VEHICLES								
5/4T TRUCK HMMWV.......................................	743	18,760	18,760	18,760	--	---	--	---
5 TON RETROFIT...	209	5,230	5,230	5,230	--	---	--	---
LOGISTICS VEHICLE SYSTEM...............................	1,210	103,994	71,394	103,994	--	---	+410	+32,600
TRAILERS, ALL TYPES....................................	--	7,656	5,356	7,656	--	---	--	+2,300
TRAILERS, ALL TYPES (BY TRANSFER)......................	--	---	(2,300)	---	--	---	--	(-2,300)
LUBE AND SERVICE UNIT 15CFM............................	39	755	755	755	--	---	--	---

OTHER SUPPORT								
MODIFICATION KITS...................................	--	3,194	3,194	3,194	--	---	--	---
ITEMS LESS THAN $900K...............................	--	388	388	388	--	---	--	---
		------------	------------	------------		------------		------------
TOTAL, SUPPORT VEHICLES.............................		146,069	105,077	146,069		---		+40,992
		============	============	============		============		============
ENGINEER AND OTHER EQUIPMENT								
ENGINEER AND EQUIPMENT								
ENVIRONMENTAL CONTROL EQ ASSORT.....................	--	1,445	1,445	1,445	--	---	--	---
HEAVY RT CRANE......................................	71	26,027	26,027	26,027	--	---	--	---
GRADER ROAD MOTORIZED...............................	63	4,407	4,407	4,407	--	---	--	---
TRACTORS, ALL TYPES.................................	--	30,090	30,090	30,090	--	---	--	---
FORKLIFTS, ALL TYPES................................	--	6,879	6,879	6,879	--	---	--	---
LAUNDRY UNIT SKID MTD...............................	60	2,744	2,744	2,744	--	---	--	---
FIELD BATH SHOWER UNIT..............................	100	2,431	2,431	2,431	--	---	--	---
REFRIGERATION UNIT..................................	272	684	684	684	--	---	--	---
REV OSMOSIS/WATER PUR 600 GL........................	34	4,184	4,184	---	-34	-4,184	-34	-4,184
FIELD WIRING HARNESS................................	749	5,375	5,375	5,375	--	---	--	---
FUEL & WATER PUMP & STORAGE MODULE..................	--	4,880	4,880	4,880	--	---	--	---
SURVEY EQUIP F/CONST USE............................	16	924	924	924	--	---	--	---
WET GAP BRIDGE SYSTEM...............................	168	6,190	6,190	6,190	--	---	--	---
BOAT BRIDGE...	14	1,698	1,698	1,698	--	---	--	---
POWER EQUIPMENT ASSORTED............................	--	5,999	5,999	5,999	--	---	--	---
MOB ELECT POWER DIST SYS (MEPDIS)...................	4	2,976	2,976	2,976	--	---	--	---
MATERIALS HANDLING EQUIPMENT								
COMMAND SUPPORT EQUIPMET............................	--	10,506	10,506	10,506	--	---	--	---
GARRISON MOBILE ENGR EQUIP..........................	--	3,975	3,975	3,975	--	---	--	---
TELEPHONE SYSTEM....................................	--	5,226	5,226	5,226	--	---	--	---

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty.	Amount			Qty.	Amount	Qty.	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
AUTO MAT HANDLING EQUIP	--	1,035	1,035	1,035	--	---	--	---
HQMC ITEMS	--	1,307	1,307	1,307	--	---	--	---
MATERIEL HANDLING EQUIP	--	2,309	2,309	2,309	--	---	--	---
GENERAL PROPERTY								
TRN DEVICES (AUDIO VISUAL)	--	1,761	1,761	1,761	--	---	--	---
TRN DEVICES (SIMULATORS)	1	5,615	5,615	5,615	--	---	--	---
SHELTER FAMILY	326	7,154	7,154	7,154	--	---	--	---
CONTAINER FAMILY	10,570	15,163	15,163	---	-10,570	-15,163	-10,570	-15,163
DECON APPARATUS PWR DRIVEN	18	321	321	321	--	---	--	---
SANITATION EQUIPMENT KITCHEN	78	1,252	1,252	---	-78	-1,252	-78	-1,252
OTHER SUPPORT								
MODIFICATION KITS	--	354	354	354	--	---	--	---
ITEMS LESS THAN $900K	--	3,218	3,218	3,218	--	---	--	---
TOTAL, ENGINEER AND OTHER EQUIPMENT		166,129	166,129	145,530		-20,599		-20,599
SPARES & REPAIR PARTS								
SPARES & REPAIR PARTS	--	14,151	14,151	14,151	--	---	--	---
REPLENISHMENT SPARES	--	10,523	10,523	10,523	--	---	--	---
TOTAL, SPARES AND REPAIR PARTS		24,674	24,674	24,674		---		---

PY PROGRAM SAVINGS......................................	--	---	-24,200	---	--	---	--	+24,200
PY PROGRAM SAVINGS (BY TRANSFER)......................	--	---	(24,200)	---	--	---	--	(-24,200)
INFLATION SAVINGS, FY87................................	--	---	-17,000	-22,000	--	-22,000	--	-5,000
PROFIT POLICY CHANGE...................................	--	---	---	-6,300	--	-6,300	--	-6,300
TOTAL, PROCUREMENT, MARINE CORPS......................		1,565,000	1,444,896	1,451,599		-113,401		+6,703
TRANSFER FROM OTHER ACCOUNTS..........................		---	(26,500)	---		---		(-26,500)
TOTAL FUNDING AVAILABLE............................		1,565,000	1,471,396	1,451,599		-113,401		-19,797

RESTORED HOUSE ADJUSTMENTS

The Committee does not recommend accepting the following House adjustments:

[In thousands of dollars]

	Budget request	House recommendation	Committee recommendation
155 mm ADAM (All)	79,793	14,893	79,793
155 mm ICM M–483	48,023	24,223	48,023
Pos Azimuth det system	5,633		5,633
Small weapons (All)	26,116	21,416	26,116
Commercial cars	2,278		2,278
Commercial trucks	3,814		3,814
Logistics vehicle system	103,994	71,394	103,994
Trailers, all types	7,656	5,356	7,656

COMMITTEE RECOMMENDED ADJUSTMENTS

AMMUNITION

81 mm mortar M–889.—As discussed in the "Army ammunition" account, the Committee recommends a reduction of $23,400,000 so that the total program can be supported on a single shift basis.

155 mm RAAM.—The Committee has deferred all $38,996,000 requested for M–718 and M–741 RAAM's due to production problems and delays reported by the GAO.

AT–4 and 8-inch add-ons.—The Committee recommends a total of $13,940,000 for the lightweight multipurpose weapon (AT–4) and $14,700,000 for 8-inch HE ammunition. These allowances are over the budget as authorized by the Senate.

GUIDED MISSILES

TOW–2 Missile.—The Committee recommends a $6,824,000 reduction so that the combined allowance for Army and Marine Corps TOW–2A missiles is for 12,000 missiles, the minimun sustaining production rate. The allowance provides for 2,650 new TOW–2A missiles.

OTHER PROGRAM ADJUSTMENTS

The Committee recommends the following adjustments based on contract savings, lower than budgeted unit prices and program restructurings:

[In thousands of dollars]

	Budget request	Committee recommendation	Change from budget
Hawk missile	115,372	111,572	-3,800
Vehcile radios	1,482		-1,482
AN/PSG ( ) digital comm term	15,174	7,574	-7,600
Reverse osmosis water purification, 600 gal	4,184		-4,184
Container family	15,163		-15,163
Sanitation equipment	1,252		-1,252

Inflation.—The Committee recommends a reduction of $22,000,000 from the budget request for inflation adjustments. This is $5,000,000 below the House reduction and is based on an anticipated inflation rate of 3 percent in fiscal year 1987 instead of 4.1 percent included in the budget request.

Profit policy change.—The Committee recommends a reduction of $6,300,000 based on new profit policies to be in effect during fiscal year 1987.

AIRCRAFT PROCUREMENT, AIR FORCE

1986 appropriation	$23,225,424,000
1986 adjusted	22,115,908,000
1987 budget estimate	19,127,400,000
House allowance	16,202,251,000
Committee recommendation	16,815,050,000

The Committee recommends an appropriation of $16,815,050,000, a decrease of $2,312,350,000 from the President's budget and $612,799,000 more than the House allowance. No transfer of funds from prior year appropriations is recommended compared to $606,300,000 proposed by the House.

This appropriation finances the construction, procurement, modernization, and modification of aircraft and equipment, including armor and armament, specialized ground-handling equipment, and flight training simulators, spare parts, and accessories; specialized equipment; and expansion of public and private plants, Government-owned equipment, and installation.

COMMITTEE RECOMMENDED PROGRAM

The following table details the Committee recommendation in comparison to the budget request and the House-reported allowance.

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
AIRCRAFT PROCUREMENT, AIR FORCE								
COMBAT AIRCRAFT								
STRATEGIC OFFENSIVE								
TACTICAL FORCES								
AIR DEFENSE COMPETITION	20	296,300	296,300	---	-20	-296,300	-20	-296,300
AIR DEFENSE COMPETITION (AP-CY)	--	114,600	114,600	---	--	-114,600	--	-114,600
F-15 D/E	48	1,675,400	1,393,800	1,600,000	--	-75,400	+12	+206,200
F-15 D/E (AP-CY)	--	218,900	152,200	185,550	--	-33,350	--	+33,350
F-16 C/D (MYP)	216	2,881,900	2,256,300	2,307,900	-36	-574,000	--	+51,600
F-16 C/D (MYP) (AP-CY)	--	612,000	462,600	486,000	--	-126,000	--	+23,400
OTHER COMBAT AIRCRAFT								
KC-10A (ATCA) (MYP)	8	104,400	89,000	89,000	--	-15,400	--	---
AC-130H GUNSHIP (AP-CY)	--	18,200	---	---	--	-18,200	--	---
MC-130H	5	229,700	229,700	229,700	--	---	--	---
MC-130H (AP-CY)	--	15,100	15,100	15,100	--	---	--	---
TOTAL, COMBAT AIRCRAFT		6,166,500	5,009,600	4,913,250		-1,253,250		-96,350

AIRLIFT AIRCRAFT								
STRATEGIC AIRLIFT								
C-5B...	21	1,937,378	1,919,278	1,919,278	--	-18,100	--	---
TACTICAL AIRLIFT								
C-17...	--	182,300	145,300	---	--	-182,300	--	-145,300
C-17 (AP-CY).....................................	--	35,000	35,000	---	--	-35,000	--	-35,000
OTHER AIRLIFT								
VC-X...	--	34,500	---	---	--	-34,500	--	---
TOTAL, AIRLIFT AIRCRAFT..........................		2,189,178	2,099,578	1,919,278		-269,900		-180,300
TRAINER AIRCRAFT								
UPT TRAINERS								
T-46A (NGT)......................................	--	---	124,000	---	--	---	-12	-124,000
T-46A (NGT) (AF-CY)..............................	--	---	27,000	---	--	---	--	-27,000
TOTAL, TRAINER AIRCRAFT..........................		---	151,000	---		---		-151,000
OTHER AIRCRAFT								
HELICOPTERS								
MISSION SUPPORT AIRCRAFT								
CIVIL AIR PATROL A/C.............................	38	1,600	1,600	1,600	--	---	--	---
TR-1/U-2...	3	94,549	89,549	94,549	--	---	--	+5,000
TOTAL, OTHER AIRCRAFT............................		96,149	91,149	96,149		---		+5,000

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
MODIFICATION OF INSERVICE AIRCRAFT								
STRATEGIC AIRCRAFT								
B-52	--	413,400	397,200	254,800	--	-158,600	--	-142,400
FB-111	--	3,300	3,300	3,300	--	---	--	---
B-1B	--	96,400	96,400	96,400	--	---	--	---
TACTICAL AIRCRAFT								
A-7	--	14,100	14,100	14,100	--	---	--	---
A-10	--	52,600	52,600	69,600	--	+17,000	--	+17,000
F/RF-4	--	119,400	119,400	139,400	--	+20,000	--	+20,000
F-5	--	5,500	5,500	5,500	--	---	--	---
F-15	--	269,000	103,300	269,000	--	---	--	+165,700
F-15 (BY TRANSFER)	--	---	(78,700)	---	--	---	--	(-78,700)
F-16	--	87,700	87,700	87,700	--	---	--	---
F-111	--	273,200	271,900	273,200	--	---	--	+1,300
TR-1A	--	9,300	9,300	9,300	--	---	--	---
AIRLIFT AIRCRAFT								
C-5	--	46,800	46,800	46,800	--	---	--	---
C-9	--	200	200	200	--	---	--	---
C-137	--	200	200	200	--	---	--	---
C-141	--	10,900	10,900	10,900	--	---	--	---

TRAINER AIRCRAFT								
T-38	--	39,500	39,500	39,500	--	---	--	---
T-43	--	400	400	400	--	---	--	---
OTHER AIRCRAFT								
KC-10A (ATCA)	--	6,700	6,700	6,700	--	---	--	---
C-130	--	212,900	186,500	212,900	--	---	--	+26,400
C-135	--	1,077,400	1,048,200	990,400	--	-87,000	--	-57,800
E-3	--	33,500	33,500	33,500	--	---	--	---
E-4	--	16,000	16,000	5,000	--	-11,000	--	-11,000
H-1	--	11,200	11,200	11,200	--	---	--	---
H-3 AIRCRAFT SYSTEM	--	1,500	21,500	1,500	--	---	--	-20,000
HH-53 AIRCRAFT	--	55,300	268,300	55,300	--	---	--	-213,000
OTHER AIRCRAFT	--	153,300	153,300	153,300	--	---	--	---
OTHER MODIFICATIONS								
CLASSIFIED PROJECTS	--	91,611	81,611	91,611	--	---	--	+10,000
GROUND PROXIMITY WARNING SYS	--	---	7,600	---	--	---	--	-7,600
CIVIL RESERVE AIRLIFT FLEET (CRAF)								
UNDISTRIBUTED MODS	--	---	-7,300	---	--	---	--	+7,300
TOTAL, MODIFICATION OF INSERVICE AIRCRAFT		3,101,311	3,085,811	2,881,711		-219,600		-204,100
AIRCRAFT SPARES AND REPAIR PARTS								
SPARES AND REPAIR PARTS	--	3,477,903	2,767,803	3,314,003	--	-163,900	--	+546,200

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty.	Amount			Qty.	Amount	Qty.	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
AIRCRAFT SUPPORT EQUIPMENT AND FACILITIES								
COMMON GROUND EQUIPMENT..............................	--	321,370	262,670	321,370	-	---	--	+58,700
INDUSTRIAL RESPONSIVENESS............................	--	38,400	38,400	38,400	--	---	--	---
WAR CONSUMABLES......................................	--	51,100	46,100	51,100	--	---	--	+5,000
OTHER PRODUCTION CHARGES.............................	--	3,685,489	3,322,040	3,562,689	--	-122,800	--	+240,649
OTHER PRODUCTION CHARGES (BY TRANSFER)..............	--	---	(40,300)	---	--	---	--	(-40,300)
TOTAL, AIRCRAFT SUPPORT EQUIPMENT AND FACILITIE.....		4,096,359	3,669,210	3,973,559		-122,800		+304,349
PY PROGRAM SAVINGS...................................	--	---	-487,300	---	--	---	--	+487,300
PY PROGRAM SAVINGS (BY TRANSFER)....................	--	---	(487,300)	---	--	---	--	(-487,300)
INFLATION SAVINGS, FY87..............................	--	---	-184,600	-212,200	--	-212,200	--	-27,600
PROFIT POLICY CHANGE.................................	--	---	---	-70,700	--	-70,700	--	-70,700
TOTAL, AIRCRAFT PROCUREMENT, AIR FORCE..............		19,127,400	16,202,251	16,815,050		-2,312,350		+612,799
TRANSFER FROM OTHER ACCOUNTS........................		---	(606,300)	---		---		(-606,300)
TOTAL FUNDING AVAILABLE..............................		19,127,400	16,808,551	16,815,050		-2,312,350		+6,499

COMMITTEE RECOMMENDED ADJUSTMENTS

COMBAT AIRCRAFT

Air Defense Competition.—The Committee recommends no funds for Air Defense Competition aircraft in accordance with the Senate authorization assumptions. The House provides the full budget request of $296,300,000 for purchase of 20 aircraft and advance procurement funding of $114,600,000.

F–15E aircraft.—The Committee recommends $1,600,000,000 for procurement of 48 F–15 aircraft. This is $75,400,000 below the budget request. This estimate is based on anticipated savings in the fiscal year 1987 purchase reflecting lower than expected costs in 1986. This allowance will provide for 48 aircraft. The House provides for 36 aircraft at $1,393,800,000.

F–15 advance procurement.—The Committee recommends $185,550,000 for advance procurement for 42 F–15 aircraft in fiscal year 1988. This represents a decrease of six aircraft and $33,350,000 from the budget request and is above the House allowance by $33,350,000.

F–16 aircraft.—The budget requested $2,881,900,000 for purchase of 216 F–16 aircraft. Last year, the Congress provided advance procurement for a purchase of 180 aircraft in fiscal year 1987. The Committee recommends $2,307,900,000 for a purchase of 180 aircraft. The Committee is not convinced that an increase in the F–16 program is warranted. The program is operating at a stable production rate under a multiyear contract. The justification for an increase in this production rate should be based on an unforeseen immediate need or significant cost decreases. The Committee is unaware of any change in requirements, and F–16 recurring costs are not decreasing. Therefore, the Committee considers the rate of 180 aircraft to be sufficient. Further, the Committee believes, unless there is a significant price decrease or an emerging requirement, a continuation of this rate until the conclusion of the current multiyear contract is advisable.

F–16 advance procurement.—The Committee recommends $486,000,000 for advance procurement for 180 F–16 aircraft to be procured in fiscal year 1988. This level is $126,000,000 below the request and $23,400,000 above the House allowance.

KC–10 extender.—The Committee recommends $89,000,000 for purchase of eight KC–10 tanker aircraft. This funding is $15,400,000 below the budget request and the same as the House allowance. The funding reduction is based on inflation savings.

AC–130H gunship.—The Committee recommends no funds for the advance procurement for one AC–130H aircraft due to budgetary constraints. This is the same as the House allowance.

AIRLIFT AIRCRAFT

C–5B strategic airlift.—The Committee recommends $1,919,278,000 for the procurement of 21 C–5B airlift aircraft. This will complete the planned purchase of the C–5B. The recommended funding is $18,100,000 below the budget request and the same as the House allowance.

C–17 aircraft.—The budget request includes $182,300,000 for tooling and planning costs on the C–17 aircraft, and $35,000,000 for advance procurement. The Committee recommendation defers all funds for this new start. This is $180,300,000 below the House level.

The overall cost of the C–17 program, estimated at $38,000,000,000, is one factor in the Committee's decision to defer production funds. With declining resources and strict outlay limits, commencing procurement of this aircraft program with its large out-year costs cannot be recommended without additional assurance that defense industry intends to accept greater risk.

This reduction is recommended in conjunction with a general provision requiring contractors to provide for the upfront costs of production tooling. The provision is designed to increase investment by contractors into defense industrial facilities. The Committee believes it is prudent to delay all procurement funds until it is clear that the aerospace industry is willing to invest in production tooling. A clear signal from the private sector that it is ready to accept the risk associated with this new start would be an indication that the C–17 program is viable even in times of defense spending restrictions. The tooling policy issue as it affects defense procurement programs is discussed in greater detail elsewhere in this report.

Air Force One (VCX).—The budget request includes $34,500,000 for completion of the Air Force One program. The Committee understands the contract award on this program was less than anticipated and these funds will not be required. Therefore, the Committee denies funds for this program, the same as the House.

TRAINER AIRCRAFT

T–46 new generation trainer.—The House provides $124,000,000 for procurement of 12 T–46 aircraft and advance procurement of $27,000,000. The Committee recommends no funds for this unbudgeted program in accord with Senate authorization.

OTHER AIRCRAFT

Air Force Combat Rescue Helicopter Program.—In fiscal year 1986, the Congress provided the Air Force with $73,200,000 to procure three austere HH–60A helicopters for the combat rescue mission. The Air Force has rejected that proposal and has requested authority to reprogram the money. That request was denied, and the funding remains available.

For these reasons, the Committee recommends that $25,000,000 in available funds be used to procure three modified UH–60A helicopters (including spare parts). These helicopters were authorized last year and would augment the existing force of 10 UH–60A's currently assigned to the 55th Aerospace Rescue and Recovery Squadron at Eglin AFB, FL, for the combat rescue mission.

The 10 existing UH–60A's are undergoing extensive modification with special mission equipment. The three additional UH–60A's funded in fiscal year 1987 should be delivered in the same configuration. However, none are equipped with UHF–DF (direction finding) radios. Without such equipment, it would be very difficult, if not impossible, to locate and recover downed airmen. The Air Force is directed to install UHF–DF radios in the UH–60A without further delay.

Clearly, the Air Force needs to expand its combat rescue capability. The addition of three modified UH–60A helicopters in fiscal year 1987 would not satisfy the requirement. The Air Force is encouraged to seek the authority necessary to procure the quantity needed to fill that need.

MODIFICATION OF INSERVICE AIRCRAFT

B–52 modifications.—The Committee recommends a reduction of $158,600,000 for modifications on the B–52 aircraft in conjunction with Senate authorization. In prior years the Committee has wholeheartedly supported the Air Force funding requirements to modify B–52's. It was disturbing to discover that much of the funds provided for the B–52 modification program in the past few years has been used for other purposes. As such, the Committee endorses the reductions recommended in the Senate-passed authorization bill.

KC–135R tanker reengining.—The Air Force requests $826,200,000 for 50 reengining kits, an increase of 7 kits and $177,500,000 from current funding in fiscal year 1986. The largest reason for the increase is due to a 16-percent increase in the price of engines. The engine price quotations are based on the vagaries of the commercial market, rather than the stable Air Force production rate. To more closely approximate the price competition of the commercial environment, the Committee recommends $739,200,000 for this program and directs the Air Force to use these funds to procure as many kits as can be accommodated, but in no case in excess of 50. This allowance is $57,800,000 below the House.

A–10 modernization.—The Air Force, Air Force Reserve, and Air National Guard strongly support modernizing the A–10 to meet battlefield requirements. The A–10 currently is limited to wings level manual bombing, is increasingly vulnerable to air-to-air threats, is inaccurate in strafe at long ranges, lacks a tactical training system for moving targets, and is limited in gun accurancy and firing time because of instability caused by gun recoil.

The Air Force has recognized the need to modernize the A–10 and is planning to spend approximately $80,000,000 on a modest upgrade package that provides a ground collision avoidance system [GCAS] and a computer bombing system [CCIP] with limited tactical application.

The Air National Guard has flight tested a developmental version of a flight control system modification that has successfully demonstrated a significant capability. This modification corrects the gun recoil instability, thereby improving strafe accuracy (including long-range strafe) and eliminating the time limitation in gun firing, and provides a moving target strafe capability.

The Committee supports efforts such as this to modernize existing assets as cost-effective alternatives to procurement of new aircraft and recognizes the need to upgrade the A–10 to its potential with systems comparable to those available in other aircraft.

Therefore, the Committee recommends an additional $17,000,000 in fiscal year 1987 to complete production integration and procure kits for the first 166 aircraft. This upgrade includes a flight control modification to improve stability during gun firing, enhance the accuracy of long-range strafe, provide for tactical training against moving targets, and provide an accurate, lateral toss-capable bombing system. The Air Force should program sufficient moneys to complete the program throughout the A–10 force structure. If possible, this upgrade should be installed concurrent with GCAS.

F–4D modifications.—The Air Force and Air National Guard strongly support the modernization of the strategic air defense force. The Air Force is equipping its three air defense squadrons with the best air superiority fighter in the world—the F–15. The Air Guard currently operates the 11 other air defense squadrons with obsolete F–106's, F–4C's, and F–4D's. The four F–106 squadrons are scheduled to be converted to early model F–16's which have limited air defense capabilities. The remaining Guard squadrons are scheduled to be equipped with the winner of the Air Defense Competition Program.

An interim alternative to the air defense competition is the F–4D modified for air defense. This is an F–4D modified with the F–15 radar (APG–63), conformal fuel tanks, and infrared search and track. The aircraft modification is anticipated to cost less than $5,000,000 each and has an estimated service life of more than 20 years from the date of conversion.

The Committee directs the Air Force to use $15,000,000 previously provided by the Congress in research and development funding for the F–4 air defense role, for NWDS-equipped F–4D aircraft modified for air defense in fiscal year 1987. In addition, the Committee appropriates $20,000,000 of aircraft procurement funds and $30,000,000 of research and development funds in fiscal year 1987 to complete research, development, and engineering and initiate procurement of the required kits. Following successful testing and in the event the air defense competition is deferred, the Air Force should plan to equip seven Air Guard F–4C/D air defense squadrons with the F–4D modified for air defense.

House program increases.—The House recommends additional funds for three modification programs as delineated below. The Committee does not support these unbudgeted increases lacking justification.

[In thousands of dollars]

	Budget request	House recommendation	Committee recommendation
H-3 aircraft system	1,500	21,500	1,500
HH-53 aircraft	55,300	268,300	55,300
Ground proximity warning system		7,600	

Other modification reductions.—Listed elsewhere in the table are other modification programs which are recommended for reduction by the House or the Senate authorization bill. Except as noted, the Committee recommends the Senate authorization position.

OTHER MISCELLANEOUS ADJUSTMENTS

Spares and repair parts.—The Committee recommends $3,314,003,000 for spare and repair parts. This is $163,900,000 below the budget request and $546,200,000 above the House allowance. The Committee adjustment is based on lessened requirement for initial spare parts due to fewer aircraft purchases than anticipated. Included in this estimate is a reduction for VCX in accord with Committee direction in the fiscal year 1986 report which required all program requirements be funded within the $280,000,000 cost cap. Initial spares were to be accommodated within funds appropriated last year.

Other production charges.—The Committee recommends $3,562,689,000 for other production charges a reduction of $122,800,000 from the budget request. This represents a general reduction as recommended in the Senate authorization and $52,800,000 reduction due to the cancellation of the precision location strike system. Other adjustments are reflected in the classified annex. The recommended funding is $240,649,000 above the House allowance. In addition, the House transfers prior-year funds for this program. The use of prior-year funds is addressed elsewhere in this report.

Other House adjustments.—The House provides for several other reductions which the Committee does not recommend. These are listed in the table.

Inflation.—The Committee recommends a reduction of $212,200,000 from the budget request for inflation adjustments. This is $27,600,000 below the House allowance and is based on an anticipated inflation rate of 3 percent in fiscal year 1987 instead of 4.1 percent included in the budget request.

Profit policy change.—The Committee recommends a reduction of $70,700,000 based on new profit policies to be in effect during fiscal year 1987.

MISSILE PROCUREMENT, AIR FORCE

1986 appropriation	$8,312,442,000
1986 adjusted	7,905,132,000
1987 budget estimate	8,982,400,000
House allowance	6,725,777,000
Committee recommendation	7,722,245,000

The Committee recommends an appropriation of $7,722,245,000. This is $1,260,155,000 below the President's budget and $996,468,000 more than the House allowance.

This appropriation finances the construction, procurement, and modification of missiles, spacecraft, rockets, and related equipment, including spare parts and accessories, ground-handling equipment, and training devices; and expansion of public and private plants, Government-owned equipment, and installation.

COMMITTEE RECOMMENDED PROGRAM

The following table details the Committee recommendation in comparison to the budget request and the House-reported allowance.

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty.	Amount			Qty.	Amount	Qty.	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
MISSILE PROCUREMENT, AIR FORCE								
BALLISTIC MISSILES								
STRATEGIC								
PEACEKEEPER (M-X)...................................	21	1,418,131	1,114,731	1,368,131	--	-50,000	+9	+253,400
MISSILE REPLACEMENT EQUIPMENT - BALLIST								
MISSILE REPLACEMENT EQ-BALLISTIC......................	--	69,696	69,696	69,696	--	---	--	---
TOTAL, BALLISTIC MISSILES..........................		1,487,827	1,184,427	1,437,827		-50,000		+253,400
OTHER MISSILES								
STRATEGIC								
AIR LAUNCH CRUISE MISSILE............................	--	12,407	12,407	12,407	--	---	--	---
TACTICAL								
AIM-7F/M SPARROW....................................	379	64,887	61,687	57,540	--	-7,347	--	-4,147
AIM-9L/M SIDEWINDER..................................	1,710	95,636	93,836	36,436	-1,260	-59,200	-1,260	-57,400
AGM-130 POWERED GBU-15...............................	51	26,577	---	15,477	--	-11,100	+51	+15,477
AGM-65D MAVERICK.....................................	4,700	580,984	75,684	410,484	-1,725	-170,500	+2,390	+334,800
AGM-88A HARM...	2,130	493,382	362,482	374,382	-475	-119,000	+205	+11,900

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
RAPIER......................................	--	6,400	6,400	6,400	--	---	--	---
AMRAAM......................................	260	656,628	537,328	486,028	-80	-170,600	--	-51,300
AMRAAM (AP-CY)................................	--	89,900	44,900	73,100	--	-16,800	--	+28,200
GRD LAUNCH CRUISE MISSILE.........................	76	128,600	115,700	115,700	--	-12,900	--	---
GRD LAUNCH CRUISE MISSILE (AP-CY)..................	--	4,600	4,600	4,600	--	---	--	---
STINGER......................................	--	1,709	1,709	1,709	--	---	--	---
TARGET DRONES								
TARGET DRONES..................................	--	19,637	19,637	19,637	--	---	--	---
INDUSTRIAL FACILITIES								
INDUSTRIAL FACILITIES............................	--	14,458	14,458	14,458	--	---	--	---
MISSILE REPLACEMENT EQUIPMENT - OTHER								
MISSILE REPLACEMENT EQ-OTHER........................	--	17,205	15,805	17,205	--	---	--	+1,400
CLASSIFIED PROGRAMS..............................	--	841,573	279,773	821,573	--	-20,000	--	+541,800
TOTAL, OTHER MISSILES............................		3,054,583	1,646,406	2,467,136		-587,447		+820,730

MODIFICATION OF INSERVICE MISSILES								
CLASS IV								
CLASS IV..	--	4,367	4,367	4,367	--	---	--	---
LGM-30F/G MINUTEMAN II/III............................	--	105,589	100,389	93,189	--	-12,400	--	-7,200
AGM-88A HARM..	--	2,859	2,859	2,859	--	---	--	---
AIR LAUNCH CRUISE MISSILE.............................	--	16,560	16,560	16,560	--	---	--	---
GRD LAUNCH CRUISE MISSILE.............................	--	15,294	15,294	15,294	--	---	--	---
MODIFICATIONS UNDER $2.0M.............................	--	1,858	1,858	1,858	--	---	--	---
TOTAL, MODIFICATION OF INSERVICE MISSILES...........		146,527	141,327	134,127		-12,400		-7,200
MISSILE SPARES + REPAIR PARTS								
SPARES AND REPAIR PARTS...............................	--	334,166	266,066	324,166	--	-10,000	--	+58,100
OTHER SUPPORT								
SPACE PROGRAMS								
SPACEBORNE EQUIP (COMSEC).............................	--	61,899	61,899	61,899	--	---	--	---
GLOBAL POSITIONING (MYP)..............................	8	129,665	126,000	125,100	--	-4,565	--	-900
SPACE SHUTTLE OPERATIONS..............................	--	59,062	59,062	29,100	--	-29,962	--	-29,962
DEF METEOROLOGICAL SAT PROG (MYP).....................	--	19,427	8,227	19,427	--	---	--	+11,200
DMSP (MYP) (BY TRANSFER)..............................	--	---	(11,200)	---	--	---	--	(-11,200)
DEFENSE SUPPORT PROGRAM (MYP).........................	--	108,515	108,515	36,315	--	-72,200	--	-72,200
DEFENSE SUPPORT PROGRAM (MYP) (AP-CY).................	--	250,000	134,400	250,000	--	---	--	+115,600
DEFENSE SATELLITE COMM SYSTEM (MYP)...................	2	117,131	109,931	107,131	--	-10,000	--	-2,800
DEFENSE SATELLITE COMM SYSTEM (MYP) (AP-CY)...........	--	5,540	5,540	5,540	--	---	--	---
SPACE BOOSTERS..	--	52,747	52,747	52,747	--	---	--	---
SPACE BOOSTERS (AP-CY)................................	--	230,000	230,000	155,000	--	-75,000	--	-75,000
SPACE DEFENSE SYSTEM (AP-CY)..........................	--	28,481	---	19,400	--	-9,081	--	+19,400

AUTHORIZATION CHANGES

The Committee recommends the following reductions in accordance with Senate authorization action:

[In thousands of dollars]

	Budget request	Committee recommendation	Change from budget
Minuteman III mods	105,589	93,189	- 12,400
Def sat comm sys [DSCS]	117,131	107,131	- 10,000

RESTORED HOUSE ADJUSTMENTS

The Committee does not recommend accepting the following House adjustments:

[In thousands of dollars]

	Budget request	House recommendation	Committee recommendation
Missile replacement equipment	17,205	15,805	17,205
Def met sat program	19,427	8,227	19,427

COMMITTEE RECOMMENDED ADJUSTMENTS

MX MISSILE

The Committee took a careful look at the budgeting for the MX program, now that actual contract data is becoming available. Based on that data, the Committee recommends a reduction of $50,000,000 which is overbudgeted for missile recurring costs and change orders. The Committee allowance does restore the nine missiles cut by the House.

TACTICAL MISSILES

Sparrow AIM-7 Missile.—The Committee recommends a reduction of $7,347,000 due to lower than budgeted prices for guidance and control sections.

Sidewinder AIM-9 missile.—As discussed in the Navy weapons section, the Committee recommends a reduction of $59,200,000 and 1,260 missiles. Both the Navy and Air Force requirements for this missile are nearly filled. In fact, the Air Force's request would have provided 107 of the inventory objective.

Future production is projected to drop below the minimum sustaining rate for either of the two current producers. The Committee recommendation forces the transition to a single producer 1 year early. The slight program stretchout caused by the reduction should allow additional missiles to be programmed for the out years which will help sustain the one producer.

AGM-130—Powered GBU-15.—The Committee recommends a reduction of $11,100,000 in the overbudgeted allowance for engineering change orders reported by the GAO. The Committee allowance fully funds the requested 51 missiles.

IR Maverick missile.–In agreement with its adjustment to the Navy program, the Committee deletes $170,500,000 and 1,725 missiles, of which 1,100 were deleted by Senate authorization action. The combined Navy and Air Force program will increase 1987 production above 1986 levels to the minimum needed to support two producers so that competition can occur in fiscal year 1988.

The Committee feels that these reductions are also justified because the 1984 and 1985 contracts have just been awarded; the 1986 contract is still to be awarded; and initial deliveries continue to be behind schedule. This slowdown should promote program stability and maturity.

Harm missile.–The Committee recommends an allowance of $374,382,000 for 1,655 missiles which is a 14-percent increase over last year. Combined with the Navy program, the allowance will sustain the 1986 production rate at 210 missiles per month and is consistent with other recommendations to slow or hold down production rate to last year's level.

AMRAAM missile.–The Committee recommends an allowance of $486,028,000 for 180 missiles in 1987 plus $73,100,000 in advance procurement for 648 missiles in 1988. This is a reduction of 80 missiles in 1987 and 185 missiles in 1988.

The Committee has closely followed the AMRAAM test firings and received testimony on the progress of the program. Based on that testimony, the Committee recommends an initial production of 180 missiles and has allowed advance procurement funding to support a production buildup which parallels the budgeted rate of increase. This is consistent with a GAO recommendation that a slower production buildup is appropriate for such a complex missile.

The Air Force advises that an additional $551,700,000 is needed for a 180 missile program in 1987.

Within this amount, the Committee has reduced the allowance for engineering change orders from 20 percent to 15 percent or $19,100,000. Funds have been provided for the producibility improvement program which is to be managed as an engineering change even though that part of the program is running behind schedule. A reduction of $46,600,000 is made in the tooling allowance based on the proposed new policy on tooling and equipment funding.

A recent CBO analysis points out that AMRAAM capabilities are less important in those missions that face relatively few attackers, such as defending the United States against Soviet bombers. The Air Force is requested to submit a plan for the continued use, allocation, and upgrading of their Sparrow missiles that will remain in their inventory of radar missiles. The Committee's interest is seeing how the Sparrow can be maintained as a viable strategic air defense missile so that AMRAAM production missiles can be exclusively allocated to tactical roles. This report is requested by March 1, 1987.

OTHER MISSILE ADJUSTMENTS

Ground launched cruise missile.—The Committee recommends a reduction of $12,900,000 based on recent contract savings reported by the GAO.

Classified programs.—The Committee recommends an allowance of $821,573,000 as discussed in the classified annex.

Spares.—The Committee recommends a $10,000,000 reduction.

SPACE SHUTTLE AND LAUNCH SCHEDULE ADJUSTMENTS

The Committee recommends a number of reductions as a result of changes to satellite launch schedules following the *Challenger* accident. Those reductions include $4,565,000 for shuttle launch preparations from the Navstar global positioning system [GPS]; $29,962,000 for shuttle support equipment at Vandenberg AFB; and $72,200,000 in shuttle launch preparation for the Defense Support Program.

Since the Air Force will not complete its review of how to best restructure the GPS until October 1986, the Committee directs that none of the $125,100,000 provided for 1987 shall be obligated until the Air Force reports to the Appropriations Committees of the Senate and House on their plans (in budget level detail) for minimizing program costs due to changes in the launch schedule.

Defense Support Program.–In addition to the adjustment made above, the Committee recommends the full $250,000,000 requested for advance procurement for the fiscal year 1987–91 multiyear procurement of five DSP satellites at an estimated savings of 20 percent. Bill language approving the multiyear contract is included.

TITAN IV (CELV)—SPACE BOOSTERS

The Committee has strongly supported the space program this year following the shuttle and Titan 34 failures. In the fiscal year 1986 supplemental the Committee provided fiscal year 1986 and fiscal year 1987 funding for the DOD Space Recovery Program through an amendment to section 8103 of the 1986 Defense Appropriations Act. Of that amount, $314,000,000 was for procurement of Titan IV CELV's and $325,000,000 was for advance procurement in fiscal year 1987.

Since that time, the Committee has sought to have the revised program budget estimates rejustified and generally improved. That process is continuing but preliminary results indicate that the original estimates were overstated. On that basis the Committee recommends the following 10-percent adjustment and allowance:

[In millions of dollars]

	Adjusted fiscal year 1987 request[1]	Fiscal year 1986 supplemental funding	Total	Adjustment	Fiscal year 1987 allowance
Titan IV procurement	102.7	+314	416.7	-50	52.7
Advance procurement	180.0	+145	325.0	-25	155.0
Total	282.7	+459.0	741.7	-75.0	207.7

[1] Air Force advised that this is needed allocation of the request.

The Committee notes that about one-third of the total 1987 program is proposed for a new medium launch vehicle which is to be competitively procured and for which no cost estimate has been provided. In today's environment, the Committee believes that the recommended allowance covers the justified requirements.

The Committee will gladly consider any reprogramming needed to realign the funds between the procurement and advance procurement lines at the time of transfer of the allocated prior-year funds.

OTHER ADJUSTMENTS

Space defense system [ASAT].–The Committee recommends an allowance of $19,400,000 and the deletion of advance procurement funds for nonhardware items which do not qualify for long lead funding.

Inflation.—The Committee recommends a reduction of $122,000,000 from the budget request for inflation adjustments. This is $37,200,000 below the House reduction and is based on an anticipated inflation rate of 3 percent in fiscal year 1987 instead of 4.1 percent included in the budget request.

Profit policy change.—The Committee recommends a reduction of $32,200,000 based on new profit policies to be in effect during fiscal year 1987.

OTHER PROCUREMENT, AIR FORCE

1986 appropriation	$8,571,383,000
1986 adjusted	8,152,382,000
1987 budget estimate	10,900,300,000
House allowance	8,654,521,000
Committee recommendation	9,468,700,000

The Committee recommends an appropriation of $9,468,700,000 for other procurement, Air Force. The recommendation is a decrease of $1,431,600,000 from the budget and $735,468,000 more than the House allowance.

This appropriation provides for the procurement of weapons systems and equipment other than aircraft and missiles. Included are munitions, other weapons, vehicles, electronic and telecommunications systems for command and control of operational forces, and ground support equipment for weapons systems and supporting structure.

COMMITTEE RECOMMENDED PROGRAM

The following table details the Committee recommendation in comparison to the budget request and the House-reported allowance.

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
SPECIAL PROGRAMS								
OTHER PROGRAMS	--	45,311	45,311	45,311	--	---	--	---
FOREST GREEN	--	2,061	2,061	2,061	--	---	--	---
IONDS (MYP)	--	24,854	24,854	24,854	--	---	--	---
SPECIAL PROGRAMS	--	1,851,958	1,748,258	1,606,658	--	-245,300	--	-141,600
SPECIAL UPDATE PROGRAMS	--	972,646	917,346	972,646	--	---	--	+55,300
SPECIAL UPDATE PROGRAMS (BY TRANSFER)	--	---	(44,900)	---	--	---	--	(-44,900)
TOTAL, OTHER SUPPORT		3,959,297	3,634,151	3,513,189		-446,108		-120,962
PY PROGRAM SAVINGS	--	---	-61,800	---	--	---	--	+61,800
PY PROGRAM SAVINGS (BY TRANSFER)	--	---	(61,800)	---	--	---	--	(-61,800)
INFLATION SAVINGS, FY87	--	---	-84,800	-122,000	--	-122,000	--	-37,200
PROFIT POLICY CHANGE	--	---	---	-32,200	--	-32,200	--	-32,200
TOTAL, MISSILE PROCUREMENT, AIR FORCE		8,982,400	6,725,777	7,722,245		-1,260,155		+996,468
TRANSFER FROM OTHER ACCOUNTS		---	(117,900)	---		---		(-117,900)
TOTAL FUNDING AVAILABLE		8,982,400	6,843,677	7,722,245		-1,260,155		+878,568

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty.	Amount			Qty.	Amount	Qty.	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
OTHER PROCUREMENT, AIR FORCE								
MUNITIONS AND ASSOCIATED EQUIPMENT								
ROCKETS + LAUNCHERS								
2.75 INCH ROCKET MOTOR	100,000	23,684	21,884	23,684	--	---	+10,000	+1,800
2.75" ROCKET HEAD, W.P	117,380	8,314	1,014	8,314	--	---	+105,080	+7,300
ITEMS LESS THAN $2,000,000	--	5,704	4,404	5,704	--	---	--	+1,300
CARTRIDGES (THOUSANDS)								
9MM PARABELLUM	15,000	1,650	1,650	1,650	--	---	--	---
7.62 MM BLANK, LINKED	2,000	420	420	420	--	---	--	---
5.56 MM	57,706	8,264	4,364	8,264	--	---	+28,193	+3,900
20 MM COMBAT	3,225	11,898	8,198	11,898	--	---	+1,273	+3,700
20MM TRAINING	10,041	22,291	21,291	22,291	--	---	+441	+1,000
30 MM TRAINING	6,023	59,086	41,786	59,086	--	---	+1,400	+17,300
30 MM API	2,364	40,000	31,700	40,000	--	---	+199	+8,300
81 MM	208	20,031	1,031	1,031	-193	-19,000	--	---
40MM TP GRENADES	469	713	713	713	--	---	--	---
CART CHAFF RR-170	5,912	19,627	19,627	19,627	--	---	--	---
SIGNAL MK-4 MOD 3	1,440	1,454	1,454	1,454	--	---	--	---
MXU-4A/A ENGINE STARTER	80	8,341	2,541	8,341	--	---	+56	+5,800
CART IMP 3000 FT/LBS	1,586	3,743	3,743	3,743	--	---	--	---
ITEMS LESS THAN $2,000,000	--	12,428	8,528	12,428	--	---	--	+3,900

BOMBS								
MK-82 INERT/BDU-50	35,000	8,093	---	8,093	--	---	+35,000	+8,093
DURANDAL	3,400	88,131	68,931	56,480	-1,500	-31,651	-759	-12,451
TIMER ACTUATOR FIN FUZE	17,230	4,870	1,970	4,870	--	---	+12,639	+2,900
BSU-49 INFLATABLE RETARDER	47,987	27,375	22,600	27,375	--	---	--	+4,775
BSU-50 INFLATABLE RETARDER	7,875	7,574	7,574	7,574	--	---	--	---
BOMB 2000 LB HIGH EXPLOSIVE	12,017	25,294	25,294	25,294	--	---	--	---
BOMB HARD TARGET 2000LB	2,290	37,818	13,318	17,818	--	-20,000	+1,256	+4,500
GBU-15	696	138,905	---	138,905	--	---	+696	+138,905
BOMB PRACTICE 25 POUND	1087,752	18,083	10,383	10,383	--	-7,700	--	---
MK-84 BOMB-EMPTY	--	1,770	1,770	1,770	--	---	--	---
CBU-89(TMD/GATOR)	5,390	194,197	113,297	113,297	-2,246	-80,900	--	---
CBU-87(COMBINED EFFECTS MUNITION)	28,850	566,748	386,648	340,000	-8,850	-226,748	+2,375	-46,648
BIGEYE	--	28,400	---	28,400	--	---	--	+28,400
ITEMS LESS THAN $2,000,000	--	2,516	1,516	2,516	--	---	--	+1,000
TARGETS								
AERIAL TOW TARGET	609	12,961	6,761	12,961	--	---	+248	+6,200
ITEMS LESS THAN $2,000,000	--	127	127	127	--	---	--	---
OTHER ITEMS								
FLARE, IR MJU-7B	563,253	11,909	11,909	11,909	--	---	--	---
FLARE, IR MJU-2	156,873	2,823	2,823	2,823	--	---	--	---
MJU-10B	165,000	29,833	18,133	29,833	--	---	+81,000	+11,700
CHAFF PACKAGE RR-141A/L	111,776	4,850	4,850	4,850	--	---	--	---
SPARES AND REPAIR PARTS	--	4,191	4,191	4,191	--	---	--	---
MODIFICATIONS	--	200	200	200	--	---	--	---
ITEMS LESS THAN $2,000,000	--	31,448	18,748	29,448	--	-2,000	--	+10,700
FUZES								
FMU-112/FMU-139	35,383	36,824	32,524	32,524	--	-4,300	--	---
ITEMS LESS THAN $2,000,000	--	35	35	35	--	---	--	---

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
OTHER WEAPONS								
M-203 GRENADE LAUNCHER	921	558	558	558	--	---	--	---
MACHINE GUN, 7.62MM, M-60	97	372	372	372	--	---	--	---
81MM MORTAR	27	392	---	392	--	---	+27	+392
9MM HANDGUN	24,500	8,656	5,056	8,656	--	---	--	+3,600
SHOTGUN - 12 GAGE	665	278	278	278	--	---	--	---
NATIONAL RIFLE - M14	174	101	101	101	--	---	--	---
HOST NATION SUPPORT WEAPONS	1,930	3,201	3,201	3,201	--	---	--	---
TOTAL, MUNITIONS AND ASSOCIATED EQUIPMENT		1,546,181	937,516	1,153,882		-392,299		+216,366
VEHICULAR EQUIPMENT								
PASSENGER CARRYING VEHICLES								
SEDAN, 4 DR 4X2	396	3,085	3,085	3,085	--	---	--	---
STATION WAGON, 4X2	391	3,236	3,236	3,236	--	---	--	---
BUS, 28 PASSENGER	127	4,000	4,000	4,000	--	---	--	---
BUS INTERCITY	8	1,307	1,307	1,307	--	---	--	---
BUS, 44 PASSENGER	45	1,782	1,782	1,782	--	---	--	---
AMBULANCE, BUS	32	2,681	2,681	2,681	--	---	--	---
MODULAR AMBULANCE	163	5,902	5,902	5,902	--	---	--	---
14-20 PASSENGER BUS	10	272	272	272	--	---	--	---
LAW ENFORCEMENT VEHICLE	335	2,955	2,955	2,955	--	---	--	---

CARGO + UTILITY VEHICLES								
TRUCK, STAKE/PLATFORM	555	8,016	8,016	8,016	--	---	--	---
TRUCK, CARGO-UTILITY, 3/4T, 4X4	275	3,039	3,039	3,039	--	---	--	---
TRUCK, CARGO-UTILITY, 1/2T, 4X2	306	2,918	2,918	2,918	--	---	--	---
TRUCK, PICKUP, 1/2T, 4X2	654	4,698	4,698	4,698	--	---	--	---
TRUCK, PICKUP, COMPACT	857	4,748	4,748	4,748	--	---	--	---
TRUCK MULTI-STOP 1 TON 4X2	627	9,360	9,360	9,360	--	---	--	---
TRUCK, PANEL, 4X2	279	2,798	2,798	2,798	--	---	--	---
TRUCK CARRYALL	575	7,876	7,876	7,876	--	---	--	---
TRUCK, CARGO, 2 1/2T, 6X6, M-35	388	18,247	18,247	18,247	--	---	--	---
TRUCK CARGO 5T M-923,M-925	73	6,664	6,664	6,664	--	---	--	---
TRUCK, CARGO, 2 1/2T	58	1,639	1,639	1,639	--	---	--	---
HIGH MOBILITY VEHICLE (MYP)	400	10,713	10,713	10,713	--	---	--	---
TRUCK, TRACTOR, 5T	43	1,553	1,553	1,553	--	---	--	---
TRUCK TRACTOR 5T M-932 (MYP)	6	412	412	412	--	---	--	---
TRUCK TRACTOR, OVER 5T	114	5,484	5,484	5,484	--	---	--	---
TRUCK WRECKER 5T M936 (MYP)	15	2,423	2,423	2,423	--	---	--	---
TRUCK, DUMP 5 TON	220	10,930	10,930	10,930	--	---	--	---
ITEMS LESS THAN $2,000,000	--	20,565	20,565	20,565	--	---	--	---
SPECIAL PURPOSE VEHICLES								
TRUCK MAINT 4X2	295	3,073	3,073	3,073	--	---	--	---
TRUCK, MAINT, HI-REACH	17	1,888	1,888	1,888	--	---	--	---
TRUCK, TELEPHONE MAINTENANCE	18	2,685	2,685	2,685	--	---	--	---
TRUCK, TANK, 1200 GAL	50	2,135	2,135	2,135	--	---	--	---
TRUCK, TANK, FUEL, M-49	35	2,487	2,487	2,487	--	---	--	---
TRACTOR, A/C TOW, MB-4	167	4,135	4,135	4,135	--	---	--	---
TRACTOR, TOW, FLIGHTLINE	370	5,487	5,487	5,487	--	---	--	---
TRACTOR, DOZER	83	5,538	5,538	5,538	--	---	--	---
TRUCK, DEMINERAL WATER, 2600 GAL	23	2,473	2,473	2,473	--	---	--	---

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
SEMI TRAILER COMPRESSED GAS	11	2,731	2,731	2,731	--	---	--	---
ITEMS LESS THAN $2,000,000	--	15,369	15,369	15,369	--	---	--	---
FIRE FIGHTING EQUIPMENT								
TRUCK CRASH P-15	3	2,248	2,248	2,248	--	---	--	---
TRUCK WATER P-18	79	6,088	6,088	6,088	--	---	--	---
TRUCK,PUMPER, P-8	28	3,242	3,242	3,242	--	---	--	---
TRUCK, PUMPER, P-12	18	1,700	1,700	1,700	--	---	--	---
ITEMS LESS THAN $2,000,000	--	4,015	4,015	4,015	--	---	--	---
MATERIALS HANDLING EQUIPMENT								
TRUCK F/L 4,000 LB GED/DED 144"	215	3,295	3,295	3,295	--	---	--	---
TRUCK, F/L 6000 LB	183	6,529	6,529	6,529	--	---	--	---
TRUCK, F/L 10,000 LB	216	9,413	9,413	9,413	--	---	--	---
LARGE CAPACITY LOADER	10	4,328	4,328	4,328	--	---	--	---
25K A/C LOADER	46	4,224	4,224	4,224	--	---	--	---
CONTAINER, LIFT, TRUCK	43	9,833	9,833	9,833	--	---	--	---
ITEMS LESS THAN $2,000,000	--	10,532	10,532	10,532	--	---	--	---
BASE MAINTENANCE SUPPORT								
LOADER, SCOOP	102	7,042	7,042	7,042	--	---	--	---
DISTRIBUTOR, WATER 1500 GALLON	56	2,855	2,855	2,855	--	---	--	---
CLEANER, RUNWAY/STREET	191	18,038	18,038	18,038	--	---	--	---

GRADER, ROAD, MOTORIZED	36	2,154	2,154	2,154	--	---	--	---
CRANE, 7-50 TON	118	12,072	12,072	12,072	--	---	--	---
EXCAVATOR, DED, PT	38	5,045	5,045	5,045	--	---	--	---
WATERCRAFT	8	4,055	4,055	4,055	--	---	--	---
SPARES AND REPAIR PARTS	--	6,492	6,492	6,492	--	---	--	---
MODIFICATIONS	--	295	295	295	--	---	--	---
ITEMS LESS THAN $2,000,000	--	12,997	12,997	12,997	--	---	--	---
GENERAL REDUCTION	--	---	-31,600	---	--	---	--	+31,600
TOTAL, VEHICULAR EQUIPMENT		331,796	300,196	331,796		---		+31,600
ELECTRONICS AND TELECOMMUNICATIONS EQUIP								
COMM SECURITY EQUIPMENT(COMSEC)								
SPACE SYSTEMS (COMSEC)	--	10,002	10,002	10,002	--	---	--	---
TEMPEST EQUIPMENT	--	612	612	612	--	---	--	---
TAC SECURE VOICE	--	10,802	10,802	10,802	--	---	--	---
DCS SECURE VOICE (COMSEC)	--	13,338	13,338	13,338	--	---	--	---
SECURE DATA	--	35,141	35,141	35,141	--	---	--	---
TRI-TAC (COMSEC)	--	46,082	43,082	46,082	--	---	--	+3,000
SPARES AND REPAIR PARTS	--	11,876	11,876	11,876	--	---	--	---
MODIFICATIONS (COMSEC)	--	330	330	330	--	---	--	---
INTELLIGENCE PROGRAMS								
INTELLIGENCE DATA HANDLING SYS	--	31,817	31,817	29,577	--	-2,240	--	-2,240
INTELLIGENCE TRAINING EQUIPMENT	--	12,641	12,641	12,641	--	---	--	---
INTELLIGENCE COMM EQUIP	--	11,000	11,000	11,000	--	---	--	---
COBRA JUDY	--	248	248	248	--	---	--	---

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
COBRA SHOE	--	3,084	3,084	3,084	--	---	--	---
ITEMS LESS THAN $2,000,000	--	17,545	17,045	17,545	--	---	--	+500
ELECTRONICS PROGRAMS								
TRAFFIC CONTROL/LANDING	--	11,899	4,899	11,899	--	---	--	+7,000
TACTICAL AIR CONTROL SYS IMPROVE	--	64,316	32,016	1,500	--	-62,816	--	-30,516
TACAN	--	---	8,900	---	--	---	--	-8,900
WEATHER OBSERV/FORCAST	--	61,494	51,494	61,494	--	---	--	+10,000
DEFENSE SUPPORT PROGRAM	--	100,093	81,783	86,293	--	-13,800	--	+4,510
DEFENSE SUPPORT PROGRAM (BY TRANSFER)	--	---	(4,510)	---	--	---	--	(-4,510)
OTH-B RADAR	--	188,157	110,000	110,287	--	-77,870	--	+287
SAC COMMAND AND CONTROL	--	11,265	11,265	11,265	--	---	--	---
LAUNCH CONTROL CENTER COMMUNICATIONS	--	9,415	---	9,415	--	---	--	+9,415
CHEYENNE MOUNTAIN COMPLEX	--	10,770	8,770	10,770	--	---	--	+2,000
PAVE PAWS/SLBM WARNING SYSTEMS	--	120,206	45,951	99,406	--	-20,800	--	+53,455
BMEWS MODERNIZATION	--	41,032	---	41,032	--	---	--	+41,032
SPACETRACK	--	4,888	4,888	4,888	--	---	--	---
NAVSTAR GPS	--	12,356	11,756	12,356	--	---	--	+600
USAFE COMMAND/CONTROL SYSTEM	--	12,144	12,144	12,144	--	---	--	---
PACAF COMMAND/CONTROL	--	1,153	1,153	1,153	--	---	--	---
DEFENSE METEOROLOGICAL SAT PROG	--	3,442	3,442	3,442	--	---	--	---
CARIBBEAN BASIN RADAR NETWORK	--	11,272	6,972	11,272	--	---	--	+4,300
MARS/USAF-FAA RADAR UPGRADE	--	16,194	---	---	--	-16,194	--	---

TAC SIGINT SUPPORT	--	15,755	15,755	15,755	--	---	--	---
DIST ERLY WARNING RDR/NORTH WARNING	--	4,318	4,318	4,318	--	---	--	---
TACTICAL GROUND INTERCEPT FACILITY	--	5,155	5,155	5,155	--	---	--	---
AIR BASE SURVIVABILITY	--	3,885	---	3,885	--	---	--	+3,885
CMDR'S TACTICAL TERMINALS(CTT)/TEREC	--	2,805	2,805	2,805	--	---	--	---
IMAGERY TRANS	--	12,349	12,349	12,349	--	---	--	---
TACTICAL WARNING SYSTEMS SUPPORT	--	3,435	435	3,435	--	---	--	+3,000
NORTH ATLANTIC DEFENSE C3	--	26,643	22,243	26,643	--	---	--	+4,400
SPECIAL COMM-ELECTRONICS PROJECTS								
AUTOMATIC DATA PROCESSING EQUIP	--	135,569	131,469	135,569	--	---	--	+4,100
WWMCCS/WIS ADPE	--	40,092	35,792	20,092	--	-20,000	--	-15,700
MAC COMMAND AND CONTROL SUPPORT	--	53,197	13,097	53,197	--	---	--	+40,100
GLCM COMMUNICATIONS	--	5,983	5,983	5,983	--	---	--	---
AIR FORCE PHYSICAL SECURITY SYSTEM	--	7,154	7,154	7,154	--	---	--	---
WEAPONS STORAGE/SECURITY	--	20,535	20,535	20,535	--	---	--	---
RANGE IMPROVEMENTS	--	143,878	88,878	108,538	--	-35,340	--	+19,660
RADAR BOMB SCORER	--	12,837	9,137	12,837	--	---	--	+3,700
PLSS	--	27,231	---	---	--	-27,231	--	---
C3 COUNTERMEASURES	--	8,146	8,146	8,146	--	---	--	---
JOINT SURVEILLANCE SYSTEM	--	9,410	9,109	9,410	--	---	--	+301
JOINT SURVEILLANCE SYSTEM (BY TRANSFER)	--	---	(301)	---	--	---	--	(-301)
SPACE SHUTTLE	--	7,756	4,856	7,756	--	---	--	+2,900
BASE LEVEL DATA AUTO PROGRAM	--	99,221	47,221	49,221	--	-50,000	--	+2,000
SATELLITE CONTROL FACILITY	--	126,614	65,214	126,614	--	---	--	+61,400
CONSTANT WATCH	--	4,286	4,286	4,286	--	---	--	---
CONSOLIDATED SPACE OPS CENTER	--	75,988	75,988	53,000	--	-22,988	--	-22,988
CMD CENTER PROCESSING/DISPLAY SYS	--	2,110	2,110	2,110	--	---	--	---
HAMMER ACE	--	1,703	1,703	1,703	--	---	--	---
SAMTO TEST RANGES I&M	--	66,928	21,828	45,728	--	-21,200	--	+23,900
EMP HARDENING	--	15,786	12,486	15,786	--	---	--	+3,300

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
AIR FORCE COMMUNICATIONS								
PROGRAM 698AJ..	--	1,927	1,927	1,927	--	---	--	---
INFORMATION TRANSMISSION SYSTEMS......................	--	8,038	5,738	8,038	--	---	--	+2,300
TELEPHONE EXCHANGE..................................	--	76,590	52,190	52,190	--	-24,400	--	---
JOINT TACTICAL COMM PROGRAM...........................	--	234,093	154,593	155,693	--	-78,400	--	+1,100
JOINT TACTICAL COMM PROGRAM (BY TRANSFER)...........	--	---	(3,000)	---	--	---	--	(-3,000)
USREDCOM..	--	13,417	5,917	13,417	--	---	--	+7,500
USCENTCOM...	--	26,427	26,427	26,427	--	---	--	---
AUTOMATED TELECOMMUNICATIONS PRG......................	--	23,792	18,792	23,792	--	---	--	+5,000
CINC MOBILE COMMAND CENTER............................	--	30,260	---	---	--	-30,260	--	---
MILSTAR..	--	50,614	---	---	--	-50,614	--	---
SATELLITE TERMINALS.................................	--	10,977	10,977	10,977	--	---	--	---
DCA PROGRAMS								
WIDEBAND SYSTEMS UPGRADE............................	--	68,740	45,240	68,740	--	---	--	+23,500
MINIMUM ESSENTIAL EMER COMM NET.......................	--	97,187	51,187	20,000	--	-77,187	--	-31,187
DCS SECURE VOICE EQUIPMENT............................	--	37,762	20,862	18,062	--	-19,700	--	-2,800
ORGANIZATION AND BASE								
TACTICAL C-E EQUIPMENT..............................	--	66,376	26,276	66,376	--	---	--	+40,100
PRODUCTIVITY INV TELECOM............................	--	3,939	3,939	3,939	--	---	--	---
RADIO EQUIPMENT.....................................	--	58,307	38,007	58,307	--	---	--	+20,300
PRODUCTIVITY ENH TELECOMM...........................	--	4,572	4,572	4,572	--	---	--	---
FIBER OPTICS..	--	3,318	1,418	3,318	--	---	--	+1,900

TV EQUIPMENT (AFRTV)......................................	--	4,920	4,920	4,920	--	---	--	---
CCTV/AUDIOVISUAL EQUIPMENT..............................	--	7,556	4,556	7,556	--	---	--	+3,000
E + I REQUIREMENTS.......................................	--	1,822	1,822	1,822	--	---	--	---
SPARES AND REPAIR PARTS..................................	--	423,269	334,169	363,769	--	-59,500	--	+29,600
ITEMS LESS THAN $2,000,000...............................	--	20,690	15,190	16,290	--	-4,400	--	+1,100
MODIFICATIONS								
COMM-ELECTRONICS CLASS IV................................	--	39,990	36,790	39,990	--	---	--	+3,200
TACTICAL EQUIPMENT.......................................	--	21,398	21,398	21,398	--	---	--	---
ANTIJAM VOICE..	--	23,758	12,015	23,758	--	---	--	+11,743
		------------	------------	------------		------------		------------
TOTAL, ELECTRONICS AND TELECOMMUNICATIONS EQUIP.....		3,183,122	2,123,425	2,468,182		-714,940		+344,757
		============	============	============		============		============
OTHER BASE MAINTENANCE AND SUPPORT EQUIP								
TEST EQUIPMENT								
BASE/ALC CALIBRATION PACKAGE.............................	--	54,464	44,264	54,464	--	---	--	+10,200
NEWARK AFS CALIBRATION PACKAGE...........................	--	2,851	2,851	2,851	--	---	--	---
TEST EQUIPMENT-GEN PURP..................................	--	12,456	12,456	12,456	--	---	--	---
ITEMS LESS THAN $2,000,000...............................	--	49,841	34,441	49,841	--	---	--	+15,400
PERSONAL SAFETY AND RESCUE EQUIP								
AUTOMATIC LIFE PERSERVER.................................	5,355	5,396	5,396	5,396	--	---	--	---
NIGHT VISION GOGGLES.....................................	1,098	8,763	8,763	8,763	--	---	--	---
CHEMICAL/BIOLOGICAL DEF PROG.............................	--	114,599	114,599	83,799	--	-30,800	--	-30,800
ITEMS LESS THAN $2,000,000...............................	--	9,824	6,824	9,824	--	---	--	+3,000
DEPOT PLANT + MATERIALS HANDLING EQ								
BASE MECHANIZATION EQUIPMENT.............................	--	34,731	34,731	34,731	--	---	--	---
AIR TERMINAL MECHANIZATION EQUIP.........................	--	3,153	1,153	3,153	--	---	--	+2,000
ITEMS LESS THAN $2,000,000...............................	--	16,085	13,185	16,085	--	---	--	+2,900

AUTHORIZATION CHANGES

The Committee recommends the following reductions in accordance with Senate authorization action:

[In thousands of dollars]

	Budget request	Committee recommendation	Change from budget
WWMCCS/WIS ADPE	40,092	20,092	- 20,000
Munitions less than $2,000,000	31,448	29,448	- 2,000
MILSTAR	50,614		- 50,614
PLSS	27,231		- 27,231
Floodlights	11,282	2,382	- 8,900
Tactical shelters	25,879	23,161	- 2,718
Productivity enhancements	10,390	9,390	- 1,000
Base maintenance parts	13,915	11,915	- 2,000
Miscellaneous equipment	19,589	17,589	- 2,000
Modifications	8,416	7,416	- 1,000

RESTORED HOUSE ADJUSTMENTS

The Committee does not recommend accepting the following House adjustments:

[In thousands of dollars]

	Budget request	House recommendation	Committee recommendation
2.75-inch rocket motor	23,684	21,884	23,684
2.75-inch rocket head	8,314	1,014	8,314
Rocket items less than $2,000,000	5,704	4,404	5,704
5.56 mm ammunition	8,264	4,364	8,264
20 mm combat ammunition	11,898	8,198	11,898
20 mm training ammunition	22,291	21,291	22,291
30 mm training ammunition	59,086	41,786	59,086
30 mm API ammunition	40,000		40,000
MXU-4A engine starter	8,341	2,541	8,341
Cartridge items less than $2,000,000	12,428	8,528	12,428
BDU-50 practice bomb	8,093		8,093
Timer, actuator, fuze	4,870	1,970	4,870
BSU-49 inflatable retarder	27,375	22,600	27,375
Bomb items less than $2,000,000	2,516	1,516	2,516
Aerial tow target	12,961	6,761	12,961
MJU-10B flare	29,833	18,133	29,833
81 mm mortar	392		392
Vehicles	331,796	300,196	331,796
Weather observ/forecast	61,494	51,494	61,494
TRI-TAC (COMSEC)	46,082	43,082	46,082
Traffic control/landing	11,899	4,899	11,899
Launch control center	9,415		9,415
Cheyenne Mountain complex	10,770	8,770	10,770
BMEWS	41,032		41,032
NAVSTAR GPS	12,356	11,756	12,356
Caribbean Basin radar network	11,272	6,972	11,272
Air base survivability	3,885		3,885
Tactical warning system	3,435	435	3,435
North Atlantic Defense C^3	26,643	22,243	26,643
Automatic data processing	135,569	131,469	135,569
MAC command and control support	53,197	13,097	53,197
Radar bomb scorer	12,837	9,137	12,837
Joint surveillance system	9,410	9,109	9,410
GBU-15 guided bomb	138,905		138,905

[In thousands of dollars]

	Budget request	House recommendation	Committee recommendation
Space shuttle	7,756	4,856	7,756
Satellite control facility	126,614	65,214	126,614
EMP hardening	15,786	12,486	15,786
Information transmission system	8,038	5,738	8,038
USREDCOM	13,417	5,917	13,417
Automated telecommunications	23,792	18,792	23,792
Wideband systems upgrade	68,740	45,240	68,740
Tactical C–E equipment	66,376	26,276	66,376
Radio equipment	58,307	38,007	58,307
Fiber optics	3,318	1,418	3,318
CCTV/audiovisual equipment	7,556	4,556	7,556
Comm/elec class IV mods	39,990	36,790	39,990
Antijam voice devices	23,758	12,015	23,758
Base/ALC calibration package	54,464	44,264	54,464
Test items less than $2,000,000	49,841	34,441	49,841
Safety/rescue items less than $2,000,000	9,824	6,824	9,824
Air terminal mechanical	3,153	1,153	3,153
Depot items less than $2,000,000	16,085	13,185	16,085
Base procured equipment	59,793	43,493	59,793
Air base survivability	22,855		22,855
COB essential facilities	4,060		4,060
Net assembly	4,501	3,201	4,501
Productivity investments	2,126	926	2,126
Mobility equipment	60,977	42,377	60,977
Base items less than $2,000,000	16,246	14,846	16,246
9 mm handgun	8,656	5,056	8,656

COMMITTEE RECOMMENDED ADJUSTMENTS

MUNITIONS AND ASSOCIATED EQUIPMENT

Durandal.—The Committee recommends a reduction of $31,651,000 in the request of $88,131,000. This adjustment allows exercise of the option from the fiscal year 1986 contract for Durandal at the minimum production rate.

CBU–87 combined effect munitions bomb.—The Committee recommends a reduction of $226,748,000 in the request of $566,748,000. Projected Air Force annual procurement of the CBU–87 does not support the significant increase in production requested for fiscal year 1987. The Committee recommendation allows the Air Force to pursue competitive procurement at the minimum economic production rate for fiscal year 1987 anticipating a competitive sole source award in fiscal year 1988.

25-pound practice bomb.—The Committee recommends a reduction of $7,700,000 in the request of $18,083,000. The allowance provided in this line funds procurement of the 25-pound practice bomb. Procurement of the BDU–48 10-pound practice bomb is premature due to delays in the delivery of the technical data package.

CBU–89 Gator mine.—The Committee recommends a reduction of $80,900,000 in the request of $194,200,000. Delays in the award of the fiscal year 1986 Gator program decrease the requirement for fiscal year 1987 funding to sustain the established production rate.

2,000 pound hard target bomb.—The Committee recommends a reduction of $20,000,000 in the request of $37,818,000.

81 mm mortar ammunition.—The Committee recommends a reduction of $19,000,000 from the budget request of $20,031,000. The Committee joins the House in urging the Air Force to seek other means to fulfill their mortar ammunition requirements rather than an inventory buy-out in fiscal year 1987.

FMU-112/FMU-139.—The Committee recommends a reduction of $4,300,000 in the request of $36,824,000. Reliability problems with the FMU-139 identified during a GAO review warrant a slowed procurement. The Committee urges the Air Force to develop a sustainable acquisition program for the FMU-139 fuze reflecting the revised annual procurement for the FMU-139 as part of the fiscal year 1988 request for this item.

Bigeye.—The Committee recommends $28,400,000 for initial production of the Bigeye chemical bomb. The concerns over Bigeye development discussed in the Other Procurement, Navy section of this report apply equally to the Air Force portion of the program, and the Committee anticipates significant Air Force input in resolving the outstanding Bigeye issues.

ELECTRONICS AND TELECOMMUNICATIONS EQUIPMENT

Tactical air control.—The Committee recommends a reduction of $62,816,000 in the request of $64,316,000. Testing slips in the antiradiation missile sensor defers the need for procurement funding until fiscal year 1988. The Committee understands that the Air Force intends to award the fiscal year 1986 appropriated funds for modular control equipment in December 1986. The Committee urges the Air Force to negotiate this contract at the most economical efficient rate of production, and should if necessary make available funds from other fiscal year 1986 sources to support this program.

Defense support program.—The Committee recommends a reduction of $13,800,000 in the request of $100,093,000. This reflects the Air Force deferral of the communications vehicle upgrade program until fiscal year 1989.

Space and missile test organization ranges.—The Committee recommends a reduction of $21,200,000 in the request of $66,928,000. The Committee recommendation reflects the unsettled requirements for utilization of the east and west coast test facilities. The Committee would provide transfer of funds from other space recovery sources if the Air Force determines this program to be of sufficient priority.

Base level ADP.—The Committee recommends a reduction of $50,000,000 in the request of $99,221,000. The reduction is made on affordability grounds and in order to set a more level procurement profile for this activity.

Telephone exchanges.—The Committee recommends a reduction of $24,400,000 in the request of $76,590,000. This reduction defers until fiscal year 1988 lower priority base telephone system replacements and reflects lower projected funding requirements in later fiscal years.

TRI-TAC communications equipment.—The Committee recommends a reduction of $78,400,000 in the request of $234,093,000. The allowance permits the Air Force to exercise options to current contracts for radio relay and communication node equipment. The projected competition for these items should commence in fiscal year 1988.

CINC mobility equipment.—The Committee recommends deleting the $30,260,000 requested for this program. Air Force access to flight transportation fulfills the CINC mobility requirement and makes redundant additional ground transport resources.

Ground wave emergency network [GWEN].—The Committee recommends a reduction of $77,187,000 in the request of $97,187,000 due to delays in relay node production. The Committee shares the concern of the House as to Air Force execution of the installation plan for the GWEN relay sites. Persistent complaints by local communities reflect problems in Air Force liaison and coordination with local authorities over site development and location. The Committee urges the Air Force to fully cooperate with the local authorities in progressing with this program. Future Committee support for GWEN will reflect resolution of current disputes.

DCS secure voice.—The Committee recommends a reduction of $19,700,000 in the request of $37,762,000. This reduction defers until fiscal year 1988 lower priority secure voice site upgrades.

Over-the-Horizon Backscatter [OTH-B] radar.—The Committee recommends a reduction of $77,870,000 in the request of $188,157,000. The Committee defers the development and installation of one OTH-B sector until fiscal year 1988. The Committee continues to support the OTH-B radar program, but believes that funding to complete the west coast system should await completion and testing of the east coast integrated system. The Committee understands that the recommended appropriation for fiscal year 1987 will permit necessary preparatory work to commence to support completion of the west coast system with fiscal year 1988 funds.

Pave Paws.—The Committee recommends a reduction of $20,800,000 in the request of $120,206,000. This action defers one Pave Paws site power upgrade until fiscal year 1988.

MARS USAF/FAA radar upgrade.—The Committee recommends deleting all $16,194,000 requested for this program. The FAA has withdrawn funding support for this program until fiscal year 1988 due to contracting delays. The Committee urges the Air Force to resubmit this request in the fiscal year 1988 budget.

Range improvements.—The Committee recommends a reduction of $35,340,000 in the request of $143,878,000. The reduction in this line deletes the procurement of one air combat maneuvering instrumentation system. The allowance provided in this line initiates procurement of items for the Strategic Training Route Complex, providing a new training opportunity for Strategic Air Command activities.

Consolidated Space Operations Center.—The Committee recommends a reduction of $22,988,000 in the request of $76,600,000. This reduction deletes funding for space shuttle-related requirements.

Electronics spare parts.—The Committee recommends a reduction of $59,500,000 in the request of $423,269,000 in accordance with programmatic adjustments to related electronics programs.

Weather observation.—The Air Force shall provide $1,700,000 from funds within this line to support procurement of IWR weather forecasting units for the National Oceanic and Atmospheric Administration [NOAA], in addition to the Air Force dedicated units requested.

Communications/electronics items under $2,000,000.—The Committee recommends a reduction of $4,400,000 in the request of $20,960,000. Funding for the CINC initiatives program is denied in each of the Service accounts and consolidated in the Defense Communications Agency budget within the procurement, Defense Agencies request.

As noted in the Other Procurement, Navy section of this report, the Committee is concerned about the growth in budget activity endlines covering miscellaneous items below a certain dollar threshold in total cost. The Committee directs the Air Force not to exceed the set limits for items within these accounts, and the Committee will consider compliance with this direction an item of special interest in reviewing the fiscal year 1988 budget request.

Weapons storage/security.—The Committee recommends $20,535,000 to initiate production of storage vaults for the improved weapons storage facilities to be constructed in Europe. The Committee understands that for security reasons, the Secretary plans to structure the vault production portion of this program for a U.S. prime contractor. The Committee directs the Air Force to report back to the Committee by February 1, 1987, on options to streamline management of this program, particularly to consider selection of one prime contractor to coordinate both vault production and facility construction, so as to expedite the availability of these vital new facilities.

Tactical air navigation system [TACAN].—The Committee supports the execution of the fiscal year 1986 funded TACAN program. The Air Force is urged to complete this program with available fiscal year 1986 funds at level not to exceed $4,575,000.

OTHER BASE MAINTENANCE AND SUPPORT EQUIPMENT

Chemical/biological defense programs.—The Committee recommends a reduction of $30,800,000 in the request of $114,500,000. The Committee strongly advocates and supports DOD programs to augment protective systems against chemical/biological attacks on U.S. personnel. However, the Air Force program to procure gas masks does not reflect to the Committee a reasonable and effective approach to this priority requirement.

The Committee directs the Air Force to stop any additional procurement of the current version of the MCU-2/P mask, and that no funds shall be available to support a second source producer of this mask. The Air Force shall submit to the Senate and House Appropriations Committees no later than February 1, 1987, a detailed report explaining the requirement for the improved MCU-2/P programmed for fiscal year 1987 and an evaluation of the newly selected Army mask for Air Force use. The considerable similarities between the current Air Force mask and the planned Army mask present an opportunity to improve service standardization and provide the maximum protection available to service personnel.

The Committee also limits funding for survivable collective protection shelters to the fiscal year 1986 level. The Committee disagrees with the House that SCPS shelters should be funded through Military Construction and urges the Air Force to continue this program with procurement funds.

Medical/dental equipment.—The Committee recommends a reduction of $12,500,000 in the request of $143,916,000. This reduction deletes one 500-bed communication zone hospital due to delays in Military Construction funding and the formulation of required host nation agreements. Of the funds within this line, $3,100,000 shall be available to complete the procurement funding of one 500-bed hospital appropriated in fiscal year 1986 but impacted by Gramm-Rudman-Hollings reductions.

Industrial surge.—The Committee recommends deleting the $19,200,000 requested for this program. The undetermined procurement program for the CBU-87 eliminates the requirement for these purchases in fiscal year 1987.

Intelligence programs.—The Committee recommends a reduction of $111,843,000 from the classified intelligence programs funded from this budget activity. A complete explanation of these adjustments is provided in the Classified Annex to this report.

Inflation.—The Committee recommends a reduction of $92,500,000 from the budget request for inflation adjustments. This is equal to the House reduction and is based on an anticipated inflation rate of 3 percent in fiscal year 1987 instead of 4.1 percent included in the budget request for nonintelligence programs.

Profit policy change.—The Committee recommends a reduction of $39,900,000 based on new profit policies to be in effect during fiscal year 1987.

PROCUREMENT, DEFENSE AGENCIES

1986 appropriation	$1,302,740,000
1986 adjusted	1,238,906,000
1987 budget estimate	1,488,400,000
House allowance	1,503,361,000
Committee recommendation	1,485,487,000

The Committee recommends an appropriation of $1,485,487,000, a reduction of $2,913,000 to the budget estimate and $17,874,000 less than the House allowance.

This appropriation provides for procurement of capital equipment for the Defense Communications Agency, the Defense Investigative Service, the Defense Mapping Agency, the Defense Logistics Agency, and other agencies of the Department of Defense. The fiscal year 1986 program includes procurement of automatic data processing equipment, mechanical materials handling systems, general and special-purpose vehicular equipment, communications equipment, and mapping, charting, and geodetic equipment.

COMMITTEE RECOMMENDED PROGRAM

The following table details the Committee recommendation in comparison to the House-reported allowance.

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
ELECTRICAL EQUIPMENT								
GENERATORS-MOBILE ELECTRIC............................	--	26,709	26,709	26,709	--	---	--	---
FLOOD LIGHTS..	926	11,282	7,682	2,382	--	-8,900	--	-5,300
ITEMS LESS THAN $2,000,000............................	--	4,155	4,155	4,155	--	---	--	---
BASE SUPPORT EQUIPMENT								
BASE PROCURED EQUIPMENT...............................	--	59,793	43,493	59,793	--	---	--	+16,300
MEDICAL/DENTAL EQUIPMENT..............................	--	143,916	114,616	131,416	--	-12,500	--	+16,800
AIR BASE SURVIVABILITY................................	--	22,855	---	22,855	--	---	--	+22,855
COB ESSENTIAL FACILITIES..............................	--	4,060	---	4,060	--	---	--	+4,060
PALLET, AIR CARGO, 108"X88"...........................	2,077	2,089	2,089	2,089	--	---	--	---
NET ASSEMBLY, 108"X88"................................	--	4,501	3,201	4,501	--	---	--	+1,300
BLADDERS FUEL...	200	2,498	2,498	2,498	--	---	--	---
TACTICAL SHELTER......................................	59	25,879	16,579	23,161	--	-2,718	--	+6,582
PHOTOGRAPHIC EQUIPMENT................................	--	6,526	6,526	6,526	--	---	--	---
PRODUCTIVITY ENHANCEMENT..............................	--	10,390	10,390	9,390	--	-1,000	--	-1,000
PRODUCTIVITY INVESTMENTS..............................	--	2,126	926	2,126	--	---	--	+1,200
MOBILITY EQUIPMENT....................................	--	60,977	42,377	60,977	--	---	--	+18,600
WARTIME HOST NATION SUPPORT...........................	--	8,197	8,197	8,197	--	---	--	---
SPARES AND REPAIR PARTS...............................	--	13,915	13,015	11,915	--	-2,000	--	-1,100
ITEMS LESS THAN $2,000,000............................	--	16,246	14,846	16,246	--	---	--	+1,400

SPECIAL SUPPORT PROJECTS								
INTELLIGENCE PRODUCTION ACTIVITY......................	--	22,739	22,739	22,439	--	-300	--	-300
SCIENTIFIC/TECHNICAL INTELLIGENCE....................	--	10,130	10,130	10,130	--	---	--	---
TECH SURV COUNTERMEASURES EQ.........................	--	7,757	7,757	7,757	--	---	--	---
DEFENSE DISSEMINATION SYSTEM.........................	--	8,335	8,335	8,335	--	---	--	---
AF TECHNICAL APPLICATION CENTER......................	--	13,634	13,634	12,791	--	-843	--	-843
PHOTO PROC/INTERPRET SYS.............................	--	1,470	1,470	1,470	--	---	--	---
SELECTED ACTIVITIES..................................	--	4,115,736	3,911,434	4,005,036	--	-110,700	--	+93,602
SPECIAL UPDATE PROGRAM...............................	--	871,847	871,847	871,847	--	---	--	---
INDUSTRIAL SURGE.....................................	--	19,200	---	---	--	-19,200	--	---
INDUSTRIAL PREPAREDNESS..............................	--	2,071	2,071	2,071	--	---	--	---
MISC EQUIPMENT.......................................	--	19,589	6,389	17,589	--	-2,000	--	+11,200
MODIFICATIONS..	--	8,416	5,016	7,416	--	-1,000	--	+2,400
NON-CENTRALLY MANAGED ITEMS								
TOTAL, OTHER BASE MAINTENANCE AND SUPPORT EQUIP.....		5,839,201	5,456,784	5,647,240		-191,961		+190,456
PRIOR YEAR PROGRAM SAVINGS...........................	--	---	-70,900	---	--	---	--	+70,900
PRIOR YEAR PROGRAM SAVINGS (BY TRANSFER)...........	--	---	(19,400)	---	--	---	--	(-19,400)
PRIOR YEAR PROGRAM SAVINGS (BY TRANSFER)...........	--	---	(51,500)	---	--	---	--	(-51,500)
INFLATION SAVINGS, FY87..............................	--	---	-92,500	-92,500	--	-92,500	--	---
PROFIT POLICY CHANGE.................................	--	---	---	-39,900	--	-39,900	--	-39,900
TOTAL, OTHER PROCUREMENT, AIR FORCE.................		10,900,300	8,654,521	9,468,700		-1,431,600		+814,179
TRANSFER FROM OTHER ACCOUNTS......................		---	(78,711)	---		---		(-78,711)
TOTAL FUNDING AVAILABLE..........................		10,900,300	8,733,232	9,468,700		-1,431,600		+735,468

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
PROCUREMENT, DEFENSE AGENCIES								
MAJOR EQUIPMENT, OSD								
MAJOR EQUIPMENT, OSD/WHS..............................	--	111,289	111,289	101,289	--	-10,000	--	-10,000
MAJOR EQUIPMENT, DNA								
VEHICLES..	--	232	232	232	--	---	--	---
OTHER CAPITAL EQUIPMENT...............................	--	4,298	4,298	4,298	--	---	--	---
MAJOR EQUIPMENT, DCA								
WWMCCS ADP SYSTEMS....................................	--	14,887	14,887	14,887	--	---	--	---
ITEMS LESS THAN $900,000 EACH.........................	--	40,169	40,169	40,169	--	---	--	---
MAJOR EQUIPMENT, DLA								
MATERIALS HANDLING EQUIPMENT..........................	--	8,642	8,642	8,642	--	---	--	---
VEHICLES..	--	1,387	1,387	1,387	--	---	--	---
MECHANIZED MATERIALS HANDLING SYS.....................	--	24,723	24,723	24,723	--	---	--	---
ADP EQUIPMENT...	--	60,026	54,026	40,026	--	-20,000	--	-14,000
TELECOMMUNICATIONS EQUIPMENT..........................	--	17,289	17,289	17,289	--	---	--	---
OTHER MAJOR EQUIPMENT.................................	--	10,023	10,023	10,023	--	---	--	---
ITEMS LESS THAN $900,000 EACH.........................	--	2,900	2,900	2,900	--	---	--	---
AUTOMATED MARKING/READING SYSTEM(LOGMARS).............	--	500	500	500	--	---	--	---

COMMITTEE RECOMMENDED ADJUSTMENTS

Defense Communications Agency.—The Committee believes that the CINC initiatives program for fiscal year 1987 should remain consolidated in the DCA "Procurement" account. Direct JCS control of these funds is essential to meet the specific CINC communications requirements addressed by this line. CINC initiatives funds have been denied in each of the Service requests and the Committee directs that $10,000,000 be made available from within the funds appropriated for DCA procurement to support this program. A report listing individual projects procured through this account in prior years shall be provided to the Committee no later than February 1, 1987. This report should also address options on how this program might be most efficiently managed to insure complete JCS control over program selection and budget requirements. Any future requests for CINC initiatives funding should be consolidated into one request providing JCS control within the procurement, Defense Agencies request.

Defense Logistics Agency.—The Committee recommends a reduction of $20,000,000 in the request of $125,490,000 to defer lower priority automatic data processing equipment purchases and materials handling equipment items.

Office of the Secretary of Defense.—The Committee recommends a reduction of $10,000,000 in the request of $111,289,000.

The Committee shares the concern of the House regarding delays in the procurement of the Tri-Service Medical Information System [TRIMIS]. The development of the Composite Health Care System has been delayed through protests over the source selection process for the automated information system. The Committee urges the Department to conduct the testing and evaluation phase of the selection process with system performance rather than bid-protest avoidance as the primary concern.

The Committee believes that establishing a program cost cap is premature at this time and disagrees with the House proposal. Based on the testing and evaluation process for program selection presented to the Committee by the Department of Defense, the Committee estimates that this phase will require 18 to 24 months to complete. The Committee will not consider any request for additional procurement funds for this program until a complete report is presented to the Senate and House Appropriations Committees providing life-cycle cost projections and annual funding requirements for the selected system, and in no case prior to the fiscal year 1989 budget request. The Committee recognizes the critical need for TRIMIS, but believes that the procurement process must await definition of the most effective system available to avoid costly future changes.

Inflation.—The Committee recommends a reduction of $15,000,000 from the budget request for inflation adjustments. This reduction is based on a revised inflation rate of 3 percent compared to 4.1 percent included in the budget request.

Profit policy change.—The Committee recommends a reduction of $5,950,000 based on new profit policies to be in effect during fiscal year 1987.

Classified programs.—The Committee recommends $790,296,000 for classified programs. The details of this recommendation are provided in the classified annex to this report.

NATIONAL GUARD AND RESERVE EQUIPMENT

1986 appropriation	$1,501,800,000
1986 adjusted	1,469,538,000
1987 budget estimate	
House allowance	752,068,000
Committee recommendation	453,250,000

The Committee recommends an appropriation of $453,250,000 to provide military equipment to the National Guard and Reserve components of the services as authorized by the Senate. This is $298,818,000 less than the House allowance. There was no specific budget request for this activity.

COMMITTEE RECOMMENDED PROGRAM

The following table details the Committee recommendation in comparison to the House-reported allowance.

It includes these recommended adjustments:

Miscellaneous equipment.—In providing unspecified allowances for miscellaneous equipment to each of the services, the Committee directs the chiefs of each of the National Guard and Reserve components to report to the Committee on Appropriations of the Senate and House and the allocation of these funds.

In the case of the Army Guard, the Committee remains particularly supportive of the program to increase its number of improved TOW vehicles and FIST vehicles.

Inflation.—The Committee recommends a reduction of $10,700,000 to its allowance for inflation adjustments. This is based on an anticipated inflation rate of 3 percent in fiscal year 1987 instead of 4.1 percent assumed in the budget request.

Profit policy change.—The Committee recommends a reduction of $1,050,000 based on new profit policies to be in effect during fiscal year 1987.

ITEM OF SPECIAL INTEREST

Air combat maneuvering instrumentation [ACMI].—The air combat maneuvering instrumentation [ACMI] has proven to be a most effective method of providing realistic air-to-air combat and air-to-ground weapons delivery training for the Total Force. In fiscal year 1986, $25,000,000 was provided to the Air National Guard for development of an ACMI range at Gulfport, MS. This investment will increase the share of ACMI training used by the Reserve component from 1 percent to about 30 percent of their annual air combat training. Both the Chief of Staff of the Air Force and the Director of the Air National Guard have stated they would like to increase use of ACMI ranges by the Reserve Forces.

The Committee recommends the Air Force and Air National Guard begin the process of developing an ACMI range in the Wisconsin-Michigan region. Contingent on identification of an adequate range and airspace for supersonic training, the National Guard Bureau is directed to program funds in succeeding fiscal years for construction of an ACMI system in Wisconsin and Michigan. An ACMI in this area would extend state-of-the-art combat training opportunities to an integrated force of 31 ANG fighter, 3 ANG C-130, 6 USAFR C-130, and 9 Army National Guard helicopter units.

Navy Combat Rescue Helicopter Program.—For fiscal years 1985 and 1986, Congress authorized and appropriated $37,000,000 to buy six combat rescue helicopters for the Navy. Although these funds were never formally requested, they were provided with the tacit approval of the Navy and with the clear understanding that the helicopter could be procured with the moneys allowed or for an average unit cost of $6,000,000. However, Navy documents now suggest that these helicopters may cost $9,000,000 each and possibly more.

The Navy is proceeding with a competitive program, leading to the acquisition of 18 helicopters. A contract award is expected in September 1986. The Coast Guard has a requirement for 35 additional helicopters, which have been partially funded under a separate appropriation.

In order to finance the expected increase in cost of the Navy helicopters, an additional $30,000,000 has been recommended for authorization in fiscal year 1987. When added to the $37,000,000 already provided, the additional money would permit the Navy to buy a helicopter with an average unit cost of $11,200,000. Considering the cost of the basic helicopter, including airframe and engines only, that figure is excessive in the Committee's view.

The Committee is concerned about the cost growth in this program. As a way of trying to contain it, the Committee recommends an appropriation of $30,000,000 for fiscal year 1987, allowing for the incorporation of a modest mission equipment package. The Committee directs that total of $67,000,000 now available be used to procure no less than seven combat rescue helicopters. These funds are designated an item of special interest.

DEFENSE PRODUCTION ACT PURCHASES

1986 appropriation	$31,000,000
1986 adjusted	29,481,000
1987 budget estimate	30,000,000
House allowance	40,000,000
Committee recommendation	5,000,000

The Committee recommends an appropriation of $5,000,000, a decrease of $25,000,000 below the budget request, and $35,000,000 less than the House allowance.

The Committee has been a strong supporter of meeting critical national security material requirements through the Defense Production Act. To the dismay of the Committee, the Department of Defense has failed to obligate any of the programs funded in fiscal years 1985 and 1986. In spite of this, the Department has forwarded two fiscal year 1987 requests for the second phases of programs which have not yet begun. Requests for continued funding for programs the Department of Defense has demonstrated an inability to execute will not be approved by this Committee.

It concerns the Committee that the primary obstacle toward the obligation of the funds provided for in this program is the Office of Management and Budget. The Committee shares the concern of the House that this is an unwarranted additional level of review and urges the Department of Defense to establish a mechanism to ensure that programs receive complete approval prior to submission to the Congress. The Committee further urges the House and Senate Banking Committees, which authorize funds for this program, to reevaluate the language directing the President to certify that programs submitted for funding under the Defense Production Act have met the established criteria.

In order to resolve the dilemma over the OMB review of previously appropriated programs under this act, the Committee directs the Comptroller General to review OMB's handling of these programs in light of the Budget Control and Impoundment Act of 1974 to determine if these programs have been inappropriately held up.

The Committee denies funding for the following projects for fiscal year 1987:

[In thousands of dollars]

	Budget request	Committee recommendation	Change from budget
High purity quartz fiber	8,000		-8,000
Smallpox vaccine	12,000		-12,000
Pure polysilicon	5,000		-5,000

The Committee approves $5,000,000 to be appropriated for the discontinuous silicon carbide reinforced aluminum project. This program exhibits numerous potential uses in high priority defense programs. The Committee urges the Department of Defense to execute this program expeditiously and the Committee pledges close scrutiny of this and previously appropriated programs in reviewing the request for this account in fiscal year 1988.

TITLE IV

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

The fiscal year 1987 Department of Defense budget for research, development, test, and evaluation totaled $41,929,900,000. The accompanying Senate bill contains $36,391,125,000, a reduction of $5,538,775,000 from the budget estimates. The recommended allowance is $33,031,000 above the Senate authorization, $2,435,051,000 above the House allowance, and $1,053,620,000 above the fiscal year 1986 appropriation for RDT&E. The following table summarizes the budget estimates and Committee recommendations:

[In thousands of dollars]

	Budget estimate	House allowance	Committee recommendation	Change from budget
Research, development, test, and evaluation:				
Army	5,550,300	4,426,660	4,840,463	-709,837
Navy	10,586,800	8,640,727	9,572,674	-1,014,126
Air Force	17,275,400	14,190,262	14,702,976	-2,572,424
Defense Agencies	8,364,300	6,577,588	7,132,903	-1,231,397
Director, test and evaluation, Defense	141,800	109,537	130,809	-10,991
Operational test and evaluation	11,300	11,300	11,300	
Total, RDT&E	41,929,900	33,956,074	36,391,125	-5,538,775

COMMITTEE OVERVIEW

The fiscal year 1987 budget request for defensewide research, development, test and evaluation is approximately 13.4 percent of the entire budget of the Department of Defense. Real growth in the R&D budget requests totaled nearly 21 percent over fiscal year 1986 post-Gramm-Rudman-Hollings sequestration levels. As the following chart indicates, most of this real growth is occurring in programs of the Army, Air Force, and Defense Agencies, and to a lesser extent, the Navy.

RDT&E PROGRAM COMPARISON

BUDGET AUTHORITY

[Dollars in millions]

	Fiscal year 1986 post-Gramm-Rudman Hollings	Fiscal year 1987 budget	Dollar increase	Percent net growth
Army	$4,563	$5,550	+$987	+18
Navy	9,572	10,587	+1,015	+7
Air Force	13,046	17,275	+4,229	+28
Defense Agencies/DT&E OT&E	6,426	8,517	+2,091	+29
Total	33,607	41,930	+8,323	+21

GROWTH ISSUES

The real growth in the research and development budget request is primarily directed at improvements for U.S. strategic nuclear forces, intelligence and communications programs, space activities. new program starts, and the Strategic Defense Initiative, which was proposed for an increase from $2,750,000,000 to $4,800,000,000. This real growth is proposed to correct near-term deficiencies in our defense posture, provide for accelerated force modernization and establish a stable base from which to make long-range planning in the acquisition area. The Committee is generally supportive of the DOD emphasis on increased investment in defensewide research and development.

The program proposed by the Department of Defense would more than double RDT&E between fiscal year 1981 and fiscal year 1987. Fiscal year 1981 congressional appropriations exceeded $16,000,000,000. This year's Committee recommendation for RDT&E is $36,391,125,000, more than twice the fiscal year 1981 level. This rapid expansion in RDT&E spending has been characterized by heavy, annual increases in RDT&E appropriations since fiscal year 1981.

Annual real growth in RDT&E

Fiscal year:	*Percent*
1981	12.3
1982	14.2
1983	9.5
1984	13.6
1985	12.6
1986 (post-Gramm-Rudman estimate)	4.0
1987 request	20.9

HIGHLIGHTS

The Committee notes its continuing support for the technology base modernization effort of the military services and DARPA. Increased investment in basic research and innovative technologies is a high RDT&E priority. The Committee has supported this objective by providing a high level of funding for basic research, exploratory development, and nonsystems advanced development (6.3A) activities.

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty.	Amount			Qty.	Amount	Qty.	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
MAJOR EQUIPMENT, DMA								
VEHICLES..	--	368	368	368	--	---	--	---
OTHER CAPITAL EQUIPMENT............................	--	30,120	30,120	30,120	--	---	--	---
RASTER SCAN EDIT STATION...........................	--	1,746	1,746	1,746	--	---	--	---
MAJOR EQUIPMENT, DIS								
VEHICLES..	--	1,789	1,789	1,789	--	---	--	---
OTHER CAPITAL EQUIPMENT............................	--	1,849	1,849	1,849	--	---	--	---
MAJOR EQUIPMENT, USUHS								
ITEMS LESS THAN $900,000 EACH.......................	--	1,295	1,295	1,295	--	---	--	---
MAJOR EQUIPMENT, DCAA								
ITEMS LESS THAN $900,000 EACH.......................	--	8,064	8,064	8,064	--	---	--	---
MAJOR EQUIPMENT, DAVA								
MAJOR EQUIPMENT DRSP								
ITEMS LESS THAN $900,000 EACH.......................	--	402,845	257,545	402,845	--	---	--	+145,300
MAJOR EQUIPMENT, DIG								
ITEMS LESS THAN $900,000 EACH.......................	--	1,700	1,700	1,700	--	---	--	---

CLASSIFIED PROGRAMS..................................	--	742,259	922,320	790,296	--	+48,037	--	-132,024
INFLATION SAVINGS, FY87...............................	--	---	-13,800	-15,000	--	-15,000	--	-1,200
PROFIT POLICY CHANGE..................................	--	---	---	-5,950	--	-5,950	--	-5,950
TOTAL, PROCUREMENT, DEFENSE AGENCIES................		1,488,400	1,503,361	1,485,487		-2,913		-17,874

[In thousands of dollars]

	1987 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
NATIONAL GUARD AND RESERVE EQUIPMENT, DEFENSE								
RESERVE,ARMY								
MISCELLANEOUS EQUIPMENT	--	---	100,000	90,000	--	+90,000	--	-10,000
TOTAL, RESERVE ARMY		---	100,000	90,000		+90,000		-10,000
RESERVE,NAVY								
P-3C PATROL (ORION)	--	---	242,968	---	--	---	-7	-242,968
CSAR HELICOPTERS	--	---	38,000	---	--	---	--	-38,000
AIRCRAFT SUPPORT EQUIPMENT	--	---	20,000	---	--	---	--	-20,000
AIRBORNE MINE COUNTERMEASURES	--	---	8,000	---	--	---	--	-8,000
HCS (HH-60) HELICOPTERS	--	---	---	30,000	--	+30,000	--	+30,000
SEABEES	--	---	---	15,000	--	+15,000	--	+15,000
TOTAL, RESERVE NAVY		---	308,968	45,000		+45,000		-263,968
RESERVE,MAR CORPS								
MISCELLANEOUS EQUIPMENT	--	---	---	20,000	--	+20,000	--	+20,000
MISC COMM/ELECTRONICS EQUIPMENT	--	---	3,600	---	--	---	--	-3,600
MISCELLANEOUS ENGINEERING EQUIPMENT	--	---	29,300	---	--	---	--	-29,300
ANALYZER SET ENGINE (STE/ICE)	--	---	1,100	---	--	---	--	-1,100
KC-130 T AIRCRAFT	--	---	40,000	---	--	---	-2	-40,000

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TOTAL, RESERVE MARINE CORPS..........................		---	74,000	20,000		+20,000		-54,000
RESERVE,AF								
C-130H AIRCRAFT....................................	--	---	150,000	150,000	+8	+150,000	--	---
TOTAL, RESERVE AIR FORCE...........................		---	150,000	150,000		+150,000		---
GUARD,ARMY								
MISCELLANEOUS EQUIPMENT............................	--	---	---	44,000	--	+44,000	--	+44,000
NON-SYSTEM TRAINING DEVICES........................	--	---	25,000	---	--	---	--	-25,000
COMMUNICATIONS EQUIPMENT...........................	--	---	23,500	---	--	---	--	-23,500
5-TON TRUCKS.......................................	--	---	20,600	22,500	+250	+22,500	+250	+1,900
UH-60 BLACKHAWK....................................	--	---	---	30,000	--	+30,000	--	+30,000
M-113..	--	---	---	20,000	--	+20,000	--	+20,000
AN/PRC - 104A......................................	--	---	---	10,200	--	+10,200	--	+10,200
AN/GRC - 193A......................................	--	---	---	9,900	+310	+9,900	+310	+9,900
AN/CRC - 213...................................	--	---	---	3,400	+184	+3,400	+184	+3,400
TOTAL, ARMY NATIONAL GUARD.........................		---	69,100	140,000		+140,000		+70,900
GUARD,AF								
MISCELLANEOUS EQUIPMENT............................	--	---	50,000	20,000	--	+20,000	--	-30,000
TOTAL, AIR NATIONAL GUARD..........................		---	50,000	20,000		+20,000		-30,000
INFLATION SAVINGS FY 87	--	---	---	-10,700	--	-10,700	--	-10,700
PROFIT POLICY CHANGE...............................	--	---	---	-1,050	--	-1,050	--	-1,050
TOTAL, NATIONAL GUARD AND RESERVE EQUIPMENT, DEFENSE		---	752,068	453,250		+453,250		-298,818

The Committee has fully funded most of the essential research and development programs covered by the Senate-passed Defense authorization bill. The proposed RDT&E Program will permit ongoing development for all major Army programs, including JSTARS, Army TACMS, LHX, and RPV's; allow the Navy to pursue its most essential development programs—the Trident II SLBM, a competitive new design SSN program, the DDG–51, the advanced lightweight torpedo, the V–22, and the F–14 and A–6 upgrades; and supply full funding for nearly all major Air Force strategic and tactical programs. The Committee has also provided a 24-percent increase in R&D funding for the President's strategic defense initiative. For an explanation of the Committee position on SDI, see the RDT&E, Defense Agencies, section of the report.

The Committee has recommended a reduction of $170,000,000 to RDT&E in accordance with its profit policy provisions discussed earlier in the report. The reductions proposed through the Committee profit policy initiative are to be realized through the execution of the Committee recommended program for fiscal year 1987. No individual appropriated line items are to be deleted or terminated to accommodate these reductions.

Across-the-board reductions totaling $700,000,000 proposed by the Committee for inflation savings are based on Congressional Budget Office inflation index revision, and are to be applied against the Committee recommended program. No individual appropriated line items are to be deleted or terminated to accommodate these reductions.

University research initiatives.—The Committee recommends an appropriation of $24,527,000 for the defensewide University Research Initiatives Program, a reduction of $24,951,000 to the budget request. This recommendation is based on the need to restrain the growth in defense budget authority for programs significantly overfunded in fiscal year 1986.

Last year Congress provided an additional $75,000,000 in budget authority for the University Research Initiatives Program above the requested level of $25,000,000. The Office of the Under Secretary of Defense for Research and Engineering has indicated to the Committee that most of these funds will not be obligated until after October 1, 1986, a full year after the start of the fiscal year in which they were appropriated. A primary reason for this delay has been the requirement for the Department to review some 963 university proposals, many of which involved substantial duplication in key research fields of endeavor.

Given the budget constraints under which the Committee is operating this year, and the fact that the program is already 1 full year behind schedule, the Committee is reluctant to provide full funding for the fiscal year 1987 budget request for the University Research Initiatives [URI] Program. Instead, it recommends this reduction to freeze URI at last year's budget request level, thus permitting fiscal year 1987 requirements to be covered with carry over of any unobligated fiscal year 1986 funds.

NATO cooperative R&D.—The Committee recommends an appropriation of $190,000,000 for defensewide NATO cooperative R&D programs, a reduction of $55,123,000 to the budget request. The Committee continues to strongly support the NATO cooperative R&D program, but believes that this adjustment can be made to the fiscal year 1987 program without impairing the progress of joint NATO weapons development in the future.

Last year the Congress appropriated $125,000,000 to start the NATO cooperative R&D program, which was authorized by Congress through the Nunn amendment to the Defense Authorization Act of fiscal year 1986. According to information provided to the Committee, as of May 31, 1986, only $9,000,000 of these funds had been obligated, indicating a very slow startup on the program. Further progress on the actual execution of this program has been awaiting the negotiation of formal memorandums of understanding on a number of candidate NATO cooperative R&D programs.

The Committee believes that the fiscal year 1987 funding requirement can be reduced without impairing the actual goals and objectives of the NATO cooperative R&D program. The late startup in obligation and expenditure of funds indicates that the program is not in need of all fiscal year 1987 funding, since a large portion of fiscal year 1986 funding will remain unobligated into fiscal year 1987. The Committee recommends that the Department of Defense cover its fiscal year 1987 funding requirements on this program by using unobligated funds from fiscal year 1986. Following that adjustment, outyear budgets should be modified to reflect a more realistic funding profile.

Real property maintenance and base operations.—It is the view of the Committee that all real property maintenance and base operations should be funded in the "Operations and maintenance" account. Competing priorities within the services and Defense agencies tend to favor RDT&E facilities over other facilities in the disposition of annual funding solely because of the large annual real growth in the RDT&E program.

RDT&E facilities should compete for such funding with non-RDT&E facilities on an equal and not a preferred basis. The Committee encourages the Department of Defense to consolidate funding for these activities in the appropriate operations and maintenance appropriation account starting in fiscal year 1988.

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, ARMY

1986 appropriation	$4,798,192,000
1986 adjusted	4,563,062,000
1987 budget estimate	5,550,300,000
House allowance	4,426,660,000
Committee recommendation	4,840,463,000

The Committee recommends an appropriation of $4,840,463,000, a reduction of $709,837,000 to the budget request. The recommendation is $413,803,000 above the House allowance.

[In thousands of dollars]

	Budget estimate	House allowance	Committee recommendation	Change from budget
Technology base	945,917	866,651	877,673	-68,244
Advanced technology development	488,034	352,993	446,304	-41,730
Strategic programs	278,987	224,167	248,987	-30,000
Tactical programs	2,440,170	1,661,246	2,150,426	-289,744
Intelligence and communications	130,420	113,420	107,805	-22,615
Defensewide mission support	1,266,772	1,046,800	1,119,926	-146,846
Conventional defense initiatives		201,313		
Consultants			-6,048	-6,048
Cooperative DOD/VA medical		10,000		
General reduction		-40,000		
Fiscal year 1987 inflation repricing			-82,000	-82,000
Prior year/fiscal year 1987 fuel savings		-9,930		
RDT&E profit policy adjustment			-22,610	-22,610

The budget activities and programs funded under this appropriation are discussed below.

TECHNOLOGY BASE

The recommended program includes $877,673,000 for technology base. This activity finances basic research and exploratory development with the primary objective of increasing the store of fundamental scientific knowledge adaptable to the solution of widely varying future Army requirements.

COMMITTEE RECOMENDED ADJUSTMENTS

The fiscal year 1987 budget request included increases for a number of programs which exceeded by unjustifiably large percentages the amounts provided in fiscal year 1986, or lacked sufficient program explanation. The Committee accordingly recommends the following adjustments:

[In thousands of dollars]

	Budget request	Recommendation	Reduction
University research initiatives	12,380	6,052	-6,328
Nuclear weapons effects/fluidics	47,797	37,797	-10,000
Chemical and smoke munitions	23,228	22,062	-1,166
Weapons and munitions technology	28,663	18,663	-10,000
Electronics and electronics devices	24,039	22,539	-1,500
Night vision investigations	28,056	26,427	-1,629
Human performance simulation	13,113	11,000	-2,113
Clothing equipment and shelter technology	18,012	11,012	-7,000
Mobility equipment technology	15,914	15,000	-914
Tactical software technology	10,794	8,794	-2,000
Military disease hazards technology	48,677	32,677	-16,000
Aeronautical technology	34,814	32,814	-2,000

Defense research sciences.—The Committee recommends an appropriation of $210,000,000 for defense research sciences, a reduction of

$2,594,000 to the budget request and $16,318,000 above the House allowance. The Committee notes that the Army's Defense Research Sciences Program was restructured this year, with base operations and real property maintenance funding transferred to newly created line items in the RDT&E account. Funding for three Army basic research projects (sensor systems research, soil and rock mechanics, and human engineering) sustained large funding increases over fiscal year 1986 even as the Defense Research Sciences Program experienced a 9-percent decrease from last year's funding level. The justification for these funding increases was not made clear.

The Committee recommends that a reduction of $1,500,000 be made to the sensor systems research project, and that reductions of $547,000 be made against the soil and rock mechanics and human engineering projects, respectively.

Technology base.—The Army's fiscal year 1987 budget request would provide a 19-percent increase to its Technology Base Program, or $113,000,000 over the level appropriated last year. While the Committee is supportive of Army efforts to expand its technology base, the proposed increase is unaffordable in the current budget climate. Accordingly, the Committee has proposed specific reductions against Army technology base programs totaling $68,244,000. This still permits a 10-percent increase over the fiscal year 1986 program.

Classified programs.—The Committee recommends an appropriation of $18,837,000 for classified programs in the technology base budget activity. This will fully fund Army classified technology base programs at the level assumed in the Senate authorization bill.

ADVANCED TECHNOLOGY DEVELOPMENT

The recommended program includes $446,304,000 for advanced technology development, a reduction of $41,730,000 from the request. This activity provides for exploration of alternatives and concepts prior to development of specific weapons systems. Particular emphasis is placed on demonstrating new concepts to provide improved land warfare capabilities in the 1980's and 1990's, including land and helicopter vehicles and related propulsion and electronics technology, land warfare target detection, acquisition and weapon technology, chemical/biological defense, training and personnel technology, and medical developments related to combat personnel.

The fiscal year 1987 budget request included increases for a number of Army advanced technology development programs which exceeded, by unjustifiably large percentages, the amounts provided in fiscal year 1986, or lacked sufficient program explanation. The Committee accordingly recommends the following adjustments:

[In thousands of dollars]

	Budget request	Recommendation	Reduction
Aircraft powerplants and propulsion	20,365	19,365	-1,000
Airdrop advancement	4,547	4,000	-547
Operational enhancements	2,637		-2,637
Missile/rockets components	37,881	35,881	-2,000
Battlefield environment simulation	7,083	4,083	-3,000
Joint services small arms program	9,480	6,880	-2,600
Special purpose detectors	2,961		-2,961
Space technology integration	987		-987
Manpower and personnel	14,204	13,320	-884
Engineering systems	5,393	4,000	-1,393
CB def/smoke advance technology demonstration	7,484	4,427	-3,057
Battlefield sustainment	3,342		-3,342

Materials and structures.--The Committee recommends an appropriation of $15,154,000 for materials and structures, a reduction of $5,000,000 to the budget request and $2,900,000 below the House allowance. The Army proposed a 287-percent increase in funding for the components scaleup project in fiscal year 1987, by proposing $13,815,000 for the project as compared to a $4,807,000 level of effort for fiscal year 1986.

While the Committee is supportive of Army efforts to prove that small-batch or laboratory quantities of new materials can be scaled up to larger production quantities without losing needed property characteristics, it believes that this budget request is not adequately justified or supported by any Army commitment to continue component scaleups at this level of effort. The Committee notes that the proposed fiscal year 1988 budget is only $9,218,000, indicating that the budget for the effort will be reduced next year.

The Committee recommends that components scaleup projects be funded at no higher than $8,815,000 during fiscal year 1987, a reduction of $5,000,000 to the Materials and Structures Program.

Terminally guided projectiles.—The Committee recommends an appropriation of $17,939,000 for terminally guided projectiles, a reduction of $10,000,000 to the budget request. This approves funds for the ongoing 155 mm fire and forget munitions project, but defers $6,773,000 for two new project starts—lightweight laser locator designator and guidance and control production. The House provided no funds for this program.

The Committee supports the budget request for the 155 mm fire and forget munitions project. The autonomous 155 mm precision munitions is one of the projects adopted by the NATO Conference of National Armaments Directors for priority development under the emerging technology intiative. NATO prefeasibility study is already underway to establish a common position on operational requirements.

The Committee recommends deferral of the two new project starts—lightweight laser locator designator and guidance and control production. While these projects appear promising, the Committee recommends deferral to assure further systems definition prior to commencement of the programs.

Acquired immune deficiency syndrome research.—The Committee recommends $21,885,000, in addition to currently available fiscal year 1987 funding, to continue the Army's research effort on the acquired immune deficiency syndrome [AIDS]. Last year Congress appropriated $40,000,000 to begin this critical research. As a result of funding delays it is now estimated that approximately $18,000,000 of that appropriation will actually be obligated in fiscal year 1986. The additional funding recommended by the Committee is intended to maintain the fiscal year 1987 program at last year's appropriated level.

Although this increase was not included in the budget request or addressed by the House, the Committee believes it is imperative that research into this devastating disease continue to proceed as expeditiously as possible. The Committee was pleased to receive testimony from the Assistant Secretary of Defense for Health Affairs and the Deputy Commander of the U.S. Army Medical Research and Development Command confirming their strong commitment to this effort. They testified that the Army, as the lead agency for DOD's AIDS research, is coordinating its efforts with other Federal agencies, including the National Institutes of Health, and is soliciting and reviewing extramural research proposals. Research topics include diagnosis, natural history of the HTLV-III infection, epidemiology, vaccine development, and chemotherapy.

Last year, the Committee expressed concern regarding the potential problems inherent in the initiation of such an ambitious research effort and recognized that appropriated funds may not be obligated as quickly as Army policy provides for such programs. The Committee reiterates its position that these funds should not be used for any other purpose. Further, the Army should continue to be allowed maximum flexibility in managing both the financial and personnel resources required for this research program.

The Committee recognizes that additional funding will be required to continue this research in the out years and directs the Department of Defense to work closely with the Army to determine adequate requirements and include an appropriate budget request in the fiscal year 1988 submission.

Nuclear hardening advanced technology.—The Committee recommends deferral of the nuclear hardening advanced technology, the same recommendation as made by the House. The Army budget request contained $6,614,000 to begin a six-part program to integrate advanced technology and materiel development into a coordinated effort to develop nuclear hardened systems for tactical forces. This is part of a larger program coordinated by the Office of the Assistant to the Secretary of Defense (Atomic Energy) to assure uniformity and consistency in EMP hardening for all time-sensitive C^3 systems. The Committee proposes deferral of this program pending developments in the other aspects of the project.

STRATEGIC PROGRAMS

The recommended program includes $248,987,000 for strategic programs. This activity provides for all research and development efforts on strategic offensive, defensive, and control systems.

Classified programs.—The Committee recommends an appropriation of $219,430,000 for Army classified strategic programs, a reduction of $30,000,000 to the budget request. For an explanation of this reduction, see the classified annex of the Committee report.

TACTICAL PROGRAMS

The recommended program includes $2,150,426,000 for tactical programs. This activity provides for advanced engineering, and operational systems development efforts on all aspects related to all conflict levels of tactical warfare, with emphasis on land warfare, battlefield air mobility, and related combat support. This includes developments to improve the Army's capabilities in the combat missions of battlefield surveillance, close combat, aerial and surface fire support, field army air defense, and mine warfare, plus improved capability in the related support missions of air and surface mobility, logistics-personnel support, communications, command and control, navigation, position locating, electronic warfare, physical security, and chemical/biological defense.

The Committee recommends the following major changes to the budget estimate, in accordance with the authorization:

Classified programs.—The Committee recommends an appropriation of $595,953,000 for classified Army tactical programs. The explanation for this recommendation, a reduction of $20,871,000 to the budget request, is found in the classified annex of the Committee report. The recommendation is $114,346,000 above the House allowance.

Lightweight air defense systems.—The Committee recommends $14,717,000 for lightweight air defense systems, a reduction of $7,000,000 to the budget request. The House recommended no fiscal year 1987 funding for this program.

This program would develop a lightweight air defense system for airborne, air assault, and light infantry divisions. Presently, low altitude air defense is provided by the Stinger portable air defense system and the short-range Vulcan air defense gun.

The lightweight air defense system is intended to take advantage of the nondevelopmental item pedestal mounted Stinger and form a system that will combine the synergism of a gun/missile mix by inclusion of a PMS base and a gun (probably 50 caliber). While the Committee believes that this is an important initiative for the Army to undertake in support of its airborne, air assault, and light infantry divisions, it believes that the first year costs proposed by the Army have been overstated and not fully justified. The Committee recommendation should be sufficient for the Army to evaluate and test lightweight air defense system candidates and transition the program into the procurement phase in fiscal year 1988.

Lethal chemical munitions concepts.—The Committee recommends an appropriation of $25,307,000 for lethal chemical munitions concepts, in agreement with the budget request. The House recommended no fiscal year 1987 funding for the program. The Army added $9,932,000 to the MLRS Binary Warhead Advanced Development Program for fiscal year 1987 over last year's projection to fund a DT/OT flight test program of 30 flights and prepare the program for transition into engineering development in fiscal year 1988.

The Committee recommends that advanced development for the MLRS Binary Warhead Program be continued and that the Army submit a report indicating the projected length and cost of the Engineering Development Program. The Committee also would request from the Army a projected MLRS binary warhead production profile prior to Army submission of the fiscal year 1988 budget request.

While the Committee has consistently supported advanced research on a binary warhead for the MLRS, the Army is expected to fully explain its inventory objectives and funding requirements for this program prior to entering into engineering development and production of another chemical weapons system.

Armament enhancement initiative.—The Committee recommends a reduction of $25,000,000 for the armament enhancement initiative, a classified program. For further explanation of the Committee's rationale for this action, see the classified annex of the Committee report.

Army data distribution system.—The Committee recommends an appropriation of $37,122,000 for the Army data distribution system, a reduction of $5,000,000 to the budget request, in agreement with the House allowance. The Army added $26,406,000 to the fiscal year 1987 ADDS Program above last year's projection for fiscal year 1987 to program funds for ILS developments, a net control station down-sizing effort and investigation of VHSIC technology insertion.

The Committee does not believe that the operational performance improvements proposed for ADDS have been fully explained or justified. The Committee notes that fiscal years 1989 and 1990 funds are already in the Army ADDS Program to support NCS down-sizing and VHSIC technology insertion development efforts. The Committee recommends that acceleration of effort on these two projects be slowed, and rephased into the outyears.

Short range air defense command and control.—The Committee recommends an appropriation of $10,189,000 for the Short Range Air Defense Command and Control Program, a reduction of $6,000,000 to the budget request. The House recommended no fiscal year 1987 funding for the program. The Army proposed in fiscal year 1987 to fund development of a forward area aerial sensor as part of its larger effort to develop a forward area air defense [FAAD] command and control architecture.

The Committee recommended reduction recognizes that fiscal year 1986 funds were not promptly obligated. The Army has not identified when the request for proposal will be released during fiscal year 1987 and is uncertain as to whether one or two full-scale development contractors will be selected. As FAAD aerial sensor requirements become clearer in the future, the Committee will consider support for transitioning the program into full-scale development.

Field artillery ammunition.—The Committee recommends an appropriation of $67,275,000 for field artillery ammunition, a reduction of $40,000,000 to the budget request, in accordance with Senate authorization assumptions. Information provided by the Army that indicated that the award of the full-scale engineering development contract for SADARM submunitions has been delayed by 2 to 3 months.

The Sense and Destroy Armor [SADARM] Submunitions Program has been one of considerable interest to the Appropriations Committees. Last year, after years of disagreement over the direction of SADARM, the appropriations conference position established agreement that full-scale development of SADARM submunitions for the MLRS and 155 mm artillery projectile could proceed, based on the following preconditions:

—the SADARM request for proposal should be augmented by gun firings of advance development [AD] hardware in the early stages of engineering development;

—engineering development could proceed through component and subsystem development and qualification, but no funds for the final phase of ED, systems qualification in DT/OT, could be obligated until approved by both Appropriations Committees of Congress;

—at least two prime contractors should be involved in SADARM through this two-phase process.

Since last year the Army has further defined its requirements and cost-effectiveness analysis has been completed on SADARM prior to transition of the program into FSD. Moreover, additional work conducted in the survivability and countermeasures areas at the Air Force's "Chicken Little" tests of sense and destroy armor submunitions supports program readiness for FSD.

However, the program presented to Congress this year would not maintain two prime contractors through the entire 48-month FSD Program as previously planned, but instead proposed a down-select to one SADARM design after 30 months. The Committee believes that the Army misread the intention of the conferees in this regard. Maintenance of two contracting teams on SADARM through completion of engineering development will maximize competition and offer the best potential for long-term savings once SADARM goes into production.

The Committee directs the Army to restructure the SADARM Program to provide for two prime contractors throughout full-scale development, as directed in last year's conference report. Funds approved for continuation of the program in fiscal year 1987 are provided solely on this basis.

Air defense alternatives.—The Committee recommends an appropriation of $63,944,000 for air defense alternatives, a reduction of

$40,000,000 to the budget request. The House provided no funds for this line item, but did establish a separate line for the Fiber Optics Guided Missile [FOG-M] Program.

The Air Defense Alternatives Program was created last year after cancellation of DIVAD by the Secretary of Defense in order to investigate off-the-shelf alternative air defense systems that could meet the Army's forward area air defense requirements.

The Army Air Defense Alternatives Program includes a line of sight air defense system (heavy) project of $20,631,000 to evaluate nondevelopmental gun and missile combinations that could counter and suppress enemy aircraft and helicopters. The Committee supports this approach to the LOS-heavy portion of the Air Defense Alternatives Program, and recommends that it be fully funded.

However, the Committee is concerned about the Non-Line of Sight Program the Army is proposing for the Air Defense Alternatives Program. The budget includes $83,313,000 for the non-line of sight [NLOS] portion of the program. The primary aspect of the system being considered by the Army for this mission is the fiber optics guided missile.

The Army proposes to accelerate the Non-Line of Sight Program—including skipping an engineering development phase—and move directly into procurement in 1988. The Army intends to field a daylight-only version of the NLOS system by 1990.

The Committee believes that the Army acquisition approach for the NLOS system is excessively concurrent and in need of restructure. The mission requirement—attack of hovering aircraft hiding behind hills beyond 7 kilometers has only recently emerged, and makes sense only if target acquisition behind the mask of terrain can be demonstrated. The Committee believes that this capability should be demonstrated through the use of both aerial and ground sensors prior to taking the FOG-M weapons system itself into production. Moreover, FOG-M should be capable of designating targets at night through the use of an infrared seeker. The current Army Non-Line of Sight Program does not incorporate these features, but instead attempts to rush the system into the field—without any engineering development activities—as soon as September 1989.

The Committee recommends that the non-line of sight air defense system be slowed to avoid initial procurement in fiscal year 1988. The Army should report back to the Committee on how it intends to restructure the NLOS Program prior to submitting the fiscal year 1988 budget request for the program.

LHX helicopter program.—Last year, the Committee directed the Secretary of Defense to undertake an independent assessment of the Army's cost estimates for the LHX helicopter. That evaluation was to determine the validity of these goals; (a) an average unit flyaway cost of $5,300,000 in fiscal year 1984 dollars; and (b) a 30- to 60-percent reduction in fleet operation and support costs. The conference committee established August 1, 1986, as the deadline for the report. The report has not been submitted as required.

For these reasons, the Committee recommends funding the ARTI/LHX program at the Senate-authorized level, $44,420,000, but with certain limitations. The funds appropriated for the continued development of the LHX helicopter shall be available for obligation and expenditure provided the estimated unit cost of the helicopter does not exceed the amount specified and certified by the Secretary of Defense in the cost analysis improvement group report mandated by Congress. No further obligations may be incurred until the report is submitted.

Aircraft propulsion.—The Committee recommends an appropriation of $91,301,000 for aircraft propulsion, a reduction of $20,000,000 to the budget request, and $15,000,000 below the House allowance. The Aircraft Propulsion Program funds full-scale development of engines for the LHX aircraft.

It is the view of the Committee that the engine portion of the LHX Program is excessively ahead of the airframe portion of the program. The LHX engine is proposed for preliminary flight rating in June 1988, a full year before the LHX airframe goes to critical design review [CDR] and more than 3 years before the first LHX developmental flight test. Even though the Army restructured the LHX Airframe Program last year, slipping the program another 6 months, it did not also restructure the Engine FSD Program. With the LHX Airframe Program still to go through a number of important, key development milestones prior to initiation of phase I of the Airframe Full-Scale Development Program in October 1987, it appears that there is even greater risk of further programmatic disconnects between the development of the engine and the development of the airframe for LHX.

The Committee recommends a $20,000,000 reduction to the LHX engine full-scale development effort to permit the development of the engine to more closely parallel the pace of the LHX airframe development effort. The Committee recommends that the LHX Program be closely reviewed at the FSD milestone by the Office of the Secretary of Defense to ensure that the engine phase of the LHX Program stays closely synchronized with the airframe development effort.

Mobility.—The Committee recommends an appropriation of $27,828,000 for mobility, a reduction of $20,000,000 to the Army budget request. The House recommended no funding for this program. The fiscal year 1987 Army Mobility Program would fund development of a medium and heavy family of new Army trucks to eventually replace Army 2½-, 5-, and 10-ton trucks. It is anticipated that the new family of Army medium trucks will be in the 3½-ton and 7-ton classes.

While the Army is in need of a new line of medium- and heavy-tactical trucks, truck development is not a high priority in this tight budget year. The Committee recommends deletion of $5,000,000 from the medium-tactical truck R&D project, and $15,000,000 from the heavy-tactical truck R&D project.

Night vision devices.—The Committee recommends an appropriation of $16,305,000 for night vision devices, a reduction of $5,639,000 to the budget request, and $5,361,000 above the House allowance. The Army proposed to accelerate the short-range thermal sight, a lightweight FLIR sight to be used on the M16A2 and the advanced combat rifle. The proposed addition transition the SRTS to engineering development in fiscal year 1987.

The Committee recommends deferral of initiation of engineering development on the SRTS until fiscal year 1988. The Army failed to make a compelling case as to why a full-scale engineering development start on the SRTS was required this fiscal year.

Remotely piloted vehicles.—The Committee recommends an appropriation of $60,000,000 for remotely piloted vehicles, a reduction of $31,880,000 to the budget request and the same recommendation made by the House. The Remotely Piloted Vehicles Program supports continued development and testing of the Aquila RPV as well as payload development of forward looking infrared sensors for nighttime mission requirements.

The Committee recommendation fully funds Aquila air vehicle development. The Committee notes that following initiation of a program restructuring in September 1985, the Army suspended all developmental flight testing and subjected Aquila to further contractor tests which included a test-fix-test program designed to bring Aquila back up to program specifications. This effort was successful, leading the Army to resume developmental flight testing earlier this year.

While the development testing has resumed successfully, the Committee notes that Aquila has been in development far too long, now extended from 79 to 91 months. Further developmental or operational shortcomings during the operational test period should form this basis of program termination.

The Committee recommendation includes a $30,000,000 reduction to the Aquila FLIR payload effort. The Army's FLIR payload effort for Aquila increased from $16,000,000 in fiscal year 1986 to the current request of $40,000,000. However, the Committee notes that even with this large funding increase, FLIR Program milestones for full-scale development slipped compared to the scheduled fiscal year 1986 program. The Army failed to make clear to the Committee why the FLIR payload needs additional R&D at a time when the FSD Program is slipping. The Committee recommends that the Army examine lower cost FLIR packages as a means to reduce overall Aquila Program costs.

The Army should report back to the Committee the status of the Aquila FLIR Payload Program and the reasons for the additional costs incurred in full-scale development no later than April 1, 1987. This report should address total FLIR payload full-scale development costs and a candid assessment of the nature and scope of any unforeseen funding requirements.

Heavy antitank assault weapons system [TOW].—The Committee recommends an appropriation of $5,000,000 for the heavy antitank assault weapons system [TOW], a reduction of $7,468,000 to the budget request, in agreement with the House allowance. This defers the TOW improvement project funding increase not identified as being a fiscal year 1987 requirement last year—TOW2B Lethality Improvement Program. The Army has not adequately justified the increase in funding. Given the scope of high priority programs in this year's Army RDT&E Program, the Committee proposes deferral of the requested increase.

Other tactical program adjustments.—The fiscal year 1987 budget request included increases for a number of Army tactical R&D programs which exceed by unjustifiably large percentages the amounts provided in fiscal year 1986, or lacked sufficient program explanation. The Committee accordingly recommends the following adjustments:

[In thousands of dollars]

	Budget request	Recommendation	Reduction
Artillery mortar/ammo dev	17,210	14,807	-2,403
Drug and vaccine develop	17,077	16,077	-1,000
Combat serv supp cont sys	4,608	3,608	-1,000
Air mobility supp equipment	4,418	3,418	-1,000
Synthetic flt trng system	10,680	9,680	-1,000
Countermine and barriers	9,728	7,728	-2,000
Landmine warfare	16,755	13,549	-3,206
Modular integcom nav sys	8,224	5,716	-2,508
Chm/bio detection warning	31,427	28,427	-3,000
Hellfire product improve	11,947	9,947	-2,000

Combat Vehicle Improvement Program.—The Committee recommends an appropriation of $65,996,000 for the Combat Vehicle Improvement Program, a reduction of $13,207,000 to the budget request, but $15,996,000 above the House allowance. The fiscal year 1987 Army budget request for the program was $58,000,000 more than last year's projection for fiscal year 1987 to permit completion of design, test, and evaluation of a new superior penetrator and alternate SABOT and propellant for the XM900E1 round for 105 mm tank guns. The Army also proposed accelerating block II efforts on the M1A1 tank (commander's thermal viewer, laser rangefinder, commander's weapons station).

The Committee finds it increasingly difficult to fully fund all proposed accelerations in the current fiscally constrained environment. A $10,000,000 reduction is recommended against the 105 mm armor-piercing cartridge improvement program and a $3,207,000 reduction against M1A1 improvements.

No reduction should be applied against project D332, Bradley fighting vehicle product improvements. The Committee views these improvements as essential to improving the reliability, maintainability and survivability of the infantry fighting vehicle.

Special operations forces.—The Committee recommends an appropriation of $21,124,000 for special operations forces, a reduction of $10,118,000 to the budget request. This recommendation deletes $118,000 for a new project start, SOF clothing and a total of $10,000,000 from the SOF avionics project.

The Army proposed start of a project to conduct engineering development of hardware and software for modification of Army helicopters as future SOF aircraft. After a review of the Army program, it is unclear whether the avionics project is affordable—the Army appears to be leaning toward expensive avionics packages drawn primarily from the Air Force HH–60 program.

The Committee recommends a lower level of funding to emphasize its preference for having a lower cost, in-production avionics systems lead the SOF avionics development effort. In the view of the Committee, the Army should carefully study the feasibility of using the CH–47 as the lead aircraft in the SOF avionics program.

INTELLIGENCE AND COMMUNICATIONS

The recommended program includes $107,805,000 for intelligence and communications. This activity provides for advanced, full scale engineering and operational systems development efforts in intelligence, worldwide communications, and other defensewide mission support.

Mapping and geodesy.—The Committee recommends an appropriation of $275,000 for mapping and geodesy, a reduction of $11,198,000 to the budget request. The Committee recommendation deletes $11,198,000 for a new start engineering development for Army mapping systems.

The Committee is attempting to reduce all nonessential new starts in the fiscal year 1987 budget request. Its review of this project indicates that while the project provides potential for improvement in future Army field mapping capabilities, it is not an urgent fiscal year 1987 funding requirement.

DEFENSEWIDE MISSION SUPPORT

The recommended program includes $1,119,926,000 for defensewide mission support. This activity provides for efforts directed toward support of installations or operations required for use in general research and development and not allocable to specific missions. Included are technical integration efforts, technical information activities, major test ranges, test facilities and general test instrumentation, target development, support of user test, international cooperative research and development, and other research and development support.

Real property maintenance and base operations maintenance.—The Committee recommends an appropriation of $140,711,000 for real property maintenance (R&D) and $163,982,000 for base operations (R&D), a reduction of $33,825,000 and $38,969,000 to the budget request of each, respectively, and in agreement with the House.

This year the Army transferred its real property maintenance and base operations maintenance R&D funding out of other line items and into two new consolidated line items for each activity. While the Committee approves of this consolidation, it notes that Army justification of the budget request is limited compared to the O&M requirement for similar costs.

The Committee recommends that the fiscal year 1987 funding for these two activities be held to 80 percent of the budget request, providing a net savings of $72,794,000.

Nonsystems training devices engineering.—The Committee recommends an appropriation of $36,260,000 for nonsystems training devices engineering, a reduction of $10,000,000 to the budget request and $7,000,000 below the House allowance. The Army proposed increasing funding support for this program by nearly $17,000,000 from fiscal year 1986 budget levels. This program involves development and acquisition of training and simulation devices for use by Army troops, such as driver trainers, mortar trainers, mine simulators, and weapons systems trainers.

While these nonsystems training devices are important, they are of lower priority than other major Army tactical, communications, and intelligence R&D programs. The Committee recommends a $10,000,000 reduction against the program.

Productivity investments.—The Committee recommends an appropriation of $28,893,000 for productivity investments, a reduction of $25,000,000 to the budget request. The Army proposed increase for the productivity investment funding initiative would raise funding for the project by more than 260 percent from the level approved in fiscal year 1986. Little substantive justification was provided for this accelerated funding level.

Other program adjustments.—The fiscal year 1987 budget request included increases for a number of programs that exceeded by unjustifiably large percentages the amounts provided in fiscal year 1986, or lacked sufficient program explanation. The Committee, accordingly, recommends the following adjustments:

[In thousands of dollars]

	Budget request	Recommendation	Reduction
Aviation engineering flt activity	13,217	11,217	-2,000
Support of operational testing	55,745	52,745	-3,000
Nuclear surviv test and analysis	3,950		-3,950
Programwide activities	85,494	81,485	-3,999
Technical information activities	6,772	5,175	-1,597
AMC major ranges and test facilities	207,799	203,800	-3,999
RDT&E spt for nondevelopmental items	9,194	6,513	-2,681

NATO research and development.—The Committee recommends an appropriation of $40,000,000 for NATO research and development, a reduction of $9,356,000 to the budget request. The Committee recommends a lower level of effort for the NATO R&D program due to a slower than anticipated startup of the program in fiscal year 1986.

OTHER ADJUSTMENTS

Fiscal year 1987 inflation repricing.—The Committee recommends a reduction of $82,000,000 to RDT&E, Army due to lower estimates for inflation in fiscal year 1987. This reduction assumes the CBO inflation rate of 3 percent, instead of the 4.1 percent reflected in the budget request for fiscal year 1987.

Consultants, studies, and analyses.—The Committee recommends a reduction of $6,048,000 to RDT&E, Army for consultants, studies, and analyses provided to the Army. This recommendation freezes consultant services at the fiscal year 1986 level of effort.

ITEMS OF SPECIAL INTEREST

ALTERNATIVE PROPULSION SYSTEMS FOR M-1 TANK

Since the decision was taken to procure the M–1 tank powered by the AGT–1500 turbine engine, there have been numerous proposals in Congress to develop an alternative engine for the tank.

Since the late 1970's, the Army has focused on making modest improvements to the turbine engine, mainly in the areas of reliability and fuel efficiency. More recently, for fiscal year 1986, Congress added $15,000,000 to the budget to test and evaluate a major set of improvements for the AGT–1500 engine, known as the transverse mounted engine. And this year there is a proposal to resurrect the diesel issue.

The Committee recommends that no funds be expended for an alternative propulsion system for the M–1 tank until the Army provides the Committee with a long-range plan on M–1 tank engine requirements.

[In thousands of dollars]

	1986 adjusted amount (1)	1987 budget estimate (2)	House allowance (3)	Committee recommendation (4)	Senate compared to—	
					Budget estimate (5)	House allowance (6)
RESEARCH DEVELOPMENT TEST & EVAL, ARMY						
TECHNOLOGY BASE						
IN-HOUSE LAB INDEPENDENT RESEARCH	24,050	19,020	17,153	19,020	---	+1,867
DEFENSE RESEARCH SCIENCES	223,056	212,594	193,682	210,000	-2,594	+16,318
UNIVERSITY RESEARCH INITIATIVES	5,829	12,380	12,380	6,052	-6,328	-6,328
MATERIALS	11,768	16,346	14,215	16,346	---	+2,131
ATMOSPHERIC INVESTIGATIONS	5,231	11,563	9,243	6,563	-5,000	-2,680
NUCLEAR WEAPONS EFFECTS/FLUIDICS	8,045	47,797	37,678	37,797	-10,000	+119
AIRCRAFT WEAPONS TECHNOLOGY	3,159	1,416	1,416	1,416	---	---
AIRCRAFT AVIONICS TECHNOLOGY	8,555	11,102	10,812	11,102	---	+290
AERONAUTICAL TECHNOLOGY	26,155	34,814	34,814	32,814	-2,000	-2,000
AIRDROP TECHNOLOGY	1,960	2,900	1,720	2,900	---	+1,180
MISSILE TECHNOLOGY	27,596	24,587	21,208	24,587	---	+3,379
LASER WEAPON TECHNOLOGY	20,356	11,228	8,311	11,228	---	+2,917
TANK AND AUTOMOTIVE TECHNOLOGY	21,142	25,711	21,591	25,711	---	+4,120
LARGE CALIBER AND NUCLEAR TECHNOLOGY	25,186	---	---	---	---	---
SMALL CAL AND FIRE CNTRL TECHNOLOGY	10,934	---	---	---	---	---
BALLISTICS TECHNOLOGY	41,297	46,155	46,155	46,155	---	---
CHEMICAL AND SMOKE MUNITIONS	13,372	23,228	20,004	22,062	-1,166	+2,058
JOINT SERVICE SMALL ARMS PROGRAM	5,273	11,119	10,617	11,119	---	+502
WEAPONS & MUNITIONS TECHNOLOGY	---	28,663	23,663	18,663	-10,000	-5,000
TACTICAL TELEPROCESSING TECHNOLOGY	16,560	26,894	24,275	26,894	---	+2,619
COMBAT SURVEILL TARGET ACQUIS & IDENT	4,186	7,766	7,766	7,766	---	---
MIL ENVIRONMENTAL CRITERIA DEV	2,946	3,413	3,139	3,413	---	+274
ELECTRONICS AND ELECTRONIC DEVICES	20,191	24,039	21,035	22,539	-1,500	+1,504
CHEM BIOLOGICAL DEF / GEN INVEST	37,785	39,656	39,656	39,656	---	---
MAPPING - GEODESY	8,423	9,678	7,575	9,678	---	+2,103
NIGHT VISION INVESTIGATIONS	19,979	28,056	28,056	26,427	-1,629	-1,629
HUMAN FACTORS ENG SYS DEV	13,314	17,811	17,811	17,811	---	---
HUMAN PERFORMANCE EFFECT/SIMULATION	5,032	13,113	13,113	11,000	-2,113	-2,113
MOBILITY AND WEAPONS EFFECTS TECH	11,399	14,879	13,324	14,879	---	+1,555
ENVIRONMENTAL QUALITY TECH	8,474	8,760	8,760	8,760	---	---
MANPOWER/PERSONNEL/TRAINING	7,147	4,730	3,520	4,730	---	+1,210
CLOTHING EQUIP AND SHELTER TECH	8,582	18,012	15,012	11,012	-7,000	-4,000
JT SVC FOOD SYS TECH	5,640	5,162	3,662	5,162	---	+1,500
COMPUTER AND INFORMATION SCIENCE	2,108	2,574	2,144	2,574	---	+430
NON-SYSTEM TRAINING DEVICES	4,856	4,397	4,397	4,397	---	---
COLD REGIONS ENGINEERING TECHNOLOGY	6,476	4,308	3,227	4,308	---	+1,081
MILITARY FACILITIES ENGINEERING TECHNOLOGY	4,991	5,764	5,215	5,764	---	+549
MOBILITY EQUIPMENT TECHNOLOGY	12,955	15,914	15,506	15,000	-914	-506
MED DEFENSE AGAINST CHEM AGENTS	29,786	34,613	34,613	34,613	---	---
TACTICAL SOFTWARE TECHNOLOGY	6,185	10,794	8,392	8,794	-2,000	+402
MILITARY DISEASE HAZARDS TECH	26,149	48,677	45,507	32,677	-16,000	-12,830
COMBAT CASUALTY CARE TECH	8,455	10,376	10,376	10,376	---	---
COMBAT MAXILLOFACIAL INJURY	2,061	2,813	2,813	2,813	---	---
SYSTEMS HEALTH HAZARD PREVENT TECH	18,509	22,223	22,223	22,223	---	---
ENERGY TECH APPL FOR MILITARY FACIL	2,119	2,035	2,035	2,035	---	---
CLASSIFIED PROGRAMS	15,018	18,837	18,837	18,837	---	---
TOTAL, TECHNOLOGY BASE	792,290	945,917	866,651	877,673	-68,244	+11,022
ADVANCE TECHNOLOGY DEVELOPMENT						
MATERIELS AND STRUCTURES	13,737	20,154	18,054	15,154	-5,000	-2,900
FUELS AND LUBRICANTS	3,219	3,527	3,527	3,527	---	---
ACQUIRED IMMUNE DEFICIENCY SYNDROME RESEARCH	38,064	---	---	21,885	+21,885	+21,885
AIRCRAFT POWER PLANTS AND PROPULSION	18,873	20,365	15,365	19,365	-1,000	+4,000
AIRCRAFT WEAPONS	6,609	10,349	6,549	10,349	---	+3,800
AIRCRAFT AVIONICS EQUIPMENT	10,439	4,408	4,408	4,408	---	---
ROTARY WING CONTROLS/ROTORS/STRUCTURES	16,272	23,560	16,960	23,560	---	+6,600
SYNTHETIC FLIGHT SIMULATOR DEVELOPMENT	12,002	11,126	11,126	11,126	---	---
AIRDROP ADVANCEMENT	3,667	4,547	3,726	4,000	-547	+274
NOE AVIATION AND NAVIGATION EQUIPMENT	2,939	2,370	2,370	2,370	---	---
OPERATIONAL ENHANCEMENTS	---	2,637	---	---	-2,637	---
TERMINALLY GUIDED PROJECTILES	14,295	27,939	---	17,939	-10,000	+17,939
MSL/ROCKET COMPONENTS	17,996	37,881	26,206	35,881	-2,000	+9,675
BATTLEFIELD ENVIRONMENT SIMULATION	952	7,083	4,083	4,083	-3,000	---
ARMY DEVELOPMENT AND EMPLOYMENT ACTIVITY	9,235	11,411	9,772	11,411	---	+1,639
ADVANCED LAND MOB SYSTEMS CONCEPTS	15,676	10,890	10,990	10,890	---	---

[In thousands of dollars]

	1986 adjusted amount (1)	1987 budget estimate (2)	House allowance (3)	Committee recommendation (4)	Senate compared to— Budget estimate (5)	Senate compared to— House allowance (6)
LANDMINE WARFARE/BARRIER DEV..........................	10,719	11,344	21,344	11,344	---	-10,000
JOINT SERVICE SMALL ARMS PROGRAM......................	3,293	9,480	7,480	6,880	-2,600	-600
COMBAT VEHICLE PROPULSION SYS.........................	11,386	9,766	9,766	9,766	---	---
CMBT VEH TURRET AND CHASSIS SUBSYS....................	16,207	18,895	14,205	18,895	---	+4,690
COMBAT VEHICLE ARMOR/ANTI-ARMOR.......................	10,812	9,411	6,000	9,411	---	+3,411
ADV PROPULSION/LAUNCH SYS FOR MUN.....................	7,834	5,887	5,887	5,887	---	---
NUCLEAR VULNERABILITY ADV TECHNOLOGY..................	---	6,614	---	---	-6,614	---
AMMUNITION LOGISTICS..................................	1,427	2,170	1,500	2,170	---	+670
NIGHT VISION ADVANCED DEVELOPMENT.....................	30,079	29,080	26,692	29,080	---	+2,388
SPECIAL PURPOSE DETECTORS.............................	---	2,961	---	---	-2,961	---
TACTICAL C4 TECHNOLOGY INTEGRATION....................	25,336	13,335	13,335	13,335	---	---
SPACE TECHNOLOGY INTEGRATION..........................	---	987	---	---	-987	---
MANPOWER AND PERSONNEL................................	13,320	14,204	6,696	13,320	-884	+6,624
ENGINEERING SYSTEMS...................................	1,856	5,393	5,393	4,000	-1,393	-1,393
HUMAN FACTORS ENGINEERING APPLICATIONS................	---	2,458	---	---	-2,458	---
HUMAN FACTORS IN TNG/OPER EFFECT......................	8,571	9,191	7,097	9,191	---	+2,094
ADV ELECTRONIC DEVICES DEV............................	9,258	5,537	---	5,537	---	+5,537
EDUCATION AND TRAINING................................	11,268	7,033	7,033	7,033	---	---
TRAINING SIMULATION...................................	5,227	6,618	4,620	6,618	---	+1,998
TEST MEASUREMENT & DIAGNOSTIC EQUIPMENT DEVEL.........	5,158	7,174	7,174	7,174	---	---
TECHNICAL VULNERABILITY REDUCTION.....................	4,094	3,300	3,300	3,300	---	---
DEMILITARIZATION CONCEPTS.............................	9,111	---	---	---	---	---
DOD SOFTWARE INITIATIVES (STARS)......................	39,967	---	---	---	---	---
ARMY BATTLEFIELD TECHNOLOGY INTEGRATION...............	11,419	12,385	11,510	12,385	---	+875
CB DEF/SMK ADV TECHNOLOGY DEMONSTRATIONS..............	2,898	7,484	2,984	4,427	-3,057	+1,443
NONSYSTEMS MEDICAL MATERIAL DEVELOPMENT...............	15,436	19,492	14,074	19,492	---	+5,418
MEDICAL CHEMICAL DEFENSE LIFE SUPPORT.................	21,517	17,390	17,390	17,390	---	---
ADVANCED TACTICAL COMMUNICATIONS TECHNOLOGY...........	---	1,461	---	---	-1,461	---
ADV TACTICAL COMPUTER SCIENCE & TECHNOLOGY............	---	13,674	10,674	---	-13,674	-10,674
BATTLEFIELD SUSTAINMENT...............................	---	3,342	---	---	-3,342	---
CLASSIFIED PROGRAMS...................................	25,264	33,721	15,803	33,721	---	+17,918
TOTAL, ADVANCE TECHNOLOGY DEVELOPMENT................	405,432	488,034	352,993	446,304	-41,730	+93,311
STRATEGIC PROGRAMS						
WORLDWIDE MILITARY CMD&CNT SYS INF SYS................	29,418	29,557	29,557	29,557	---	---
CLASSIFIED PROGRAMS...................................	189,122	249,430	194,610	219,430	-30,000	+24,820
TOTAL, STRATEGIC PROGRAMS...........................	218,540	278,987	224,167	248,987	-30,000	+24,820
TACTICAL PROGRAMS						
AIR MOBILITY SUPPORT..................................	7,973	10,848	7,848	10,848	---	+3,000
JOINT SURVIVABILITY INVESTIGATIONS....................	856	735	735	735	---	---
ADVANCED ROTOCRAFT TECHNOLOGY INTEGRATION/LHX.........	42,029	44,420	40,000	44,420	---	+4,420
AIRDROP EQUIPMENT SYSTEMS.............................	952	1,256	1,000	1,256	---	+256
ANTI-TACTICAL MISSILE SYSTEM..........................	59,756	38,635	---	38,635	---	+38,635
SURF-TO-SURF MSL ROCKET SYS...........................	29,140	42,681	---	42,681	---	+42,681
LIGHT WEIGHT AIR DEFENSE SYSTEM.......................	---	21,717	---	14,717	-7,000	+14,717
WEAPONS AND AMMUNITION................................	759	173	20,173	173	---	-20,000
ADVANCED ANTI-TANK WEAPON SYSTEM (MEDIUM).............	58,120	48,735	48,735	48,735	---	---
LETHAL CHEMICAL MUNITIONS CONCEPTS....................	19,400	25,307	---	25,307	---	+25,307
LANDMINE/BARRIER SYS..................................	21,884	10,477	6,358	10,477	---	+4,119
SMOKE MUNITIONS AND MATERIEL CONCEPTS.................	8,256	3,189	2,589	3,189	---	+600
ARTILLERY/MORTAR AMMO DEVELOPMENT.....................	9,660	17,210	9,807	14,807	-2,403	+5,000
TANK/FIGHTING VEHICLE AMMO DEVELOPMENT................	5,456	---	---	---	---	---
ELECTRIC POWER SOURCES................................	10,711	8,017	5,017	8,017	---	+3,000
PHYSICAL SECURITY.....................................	4,201	2,339	2,339	2,339	---	---
IDENTIFICATION-FRIEND OR FOE DEVELOPMENTS.............	17,788	20,373	20,373	20,373	---	---
COMMUNICATIONS DEVELOPMENT............................	2,798	2,673	2,673	2,673	---	---
AIRCRAFT SURVIVABILITY EQUIPMENT......................	8,213	4,588	---	4,588	---	+4,588
ARMY DATA DISTRIBUTION SYSTEM.........................	36,190	42,122	37,122	37,122	-5,000	---
ELECT WRFR VULNERABILITY/SUCEPTIBILITY................	21,682	16,912	---	16,912	---	+16,912
CHEMICAL/BIO DETECTION WARN/SAMP MAT CONCEPTS.........	14,457	---	---	---	---	---
CML BIO PROTECTIVE MATERIEL CONCEPTS..................	8,081	8,045	8,045	8,045	---	---
REMOTELY PILOTED VEHICLES/DRONES......................	15,225	4,917	4,917	4,917	---	---
COMBAT SUPPORT EQUIPMENT..............................	24,131	24,285	22,285	24,285	---	+2,000
COMBAT MEDICAL MATERIAL...............................	8,925	8,189	8,189	8,189	---	---
SHORT RANGE AIR DEFENSE COMMAND AND CONTROL...........	---	16,189	---	10,189	-6,000	+10,189

[In thousands of dollars]

	1986 adjusted amount (1)	1987 budget estimate (2)	House allowance (3)	Committee recommendation (4)	Senate compared to—	
					Budget estimate (5)	House allowance (6)
SINGLE CHAN GND & ABN RADIO SYS (SINCGARS) AD	2,155	---	---	---	---	---
SOLDIER SUPPORT/SURVIVABILITY	4,755	4,722	4,392	4,722	---	+330
DRUG AND VACCINE DEVELOPMENT	16,111	17,077	17,077	16,077	-1,000	-1,000
MEDICAL DEFENSE AGAINST CHEM WARFARE	29,517	26,449	26,449	26,449	---	---
AIR DEFENSE ALTERNATIVES	39,015	103,944	---	63,944	-40,000	+63,944
COMBAT SERVICE SUPPORT CONTROL SYS	933	4,608	1,000	3,608	-1,000	+2,608
NIGHT VISION SYSTEMS ADVANCED DEVELOPMENT	---	3,307	3,307	3,307	---	---
AIRCRAFT WEAPONS	12,058	---	---	---	---	---
AIR MOBILITY SUPPORT EQUIPMENT	2,473	4,418	2,506	3,418	-1,000	+912
UH-60 BLACKHAWK	16,177	---	---	---	---	---
ADVANCED ATTACK HELICOPTER	9,514	12,931	---	12,931	---	+12,931
AIRCRAFT PROPULSION SYSTEMS	67,364	111,301	106,301	91,301	-20,000	-15,000
SYNTHETIC FLIGHT TRAINING SYSTEMS	7,487	10,680	10,680	9,680	-1,000	-1,000
AIRDROP EQUIP DEVELOPMENT	2,988	3,281	3,281	3,281	---	---
ARMY HELICOPTER IMPROVEMENT PROG	6,473	---	---	---	---	---
AIRCRAFT ENGINE COMPONENT IMPROVEMENT PROGRAM	15,376	---	---	---	---	---
STINGER	22,441	6,252	6,252	6,252	---	---
PATRIOT AIR DEFENSE MISSILE SYSTEM	50,579	---	---	---	---	---
HELIBORNE MISSILE-HELLFIRE	4,758	---	---	---	---	---
GRASS BLADE	10,351	6,698	---	6,698	---	+6,698
JOINT TACTICAL MISSILE SYSTEM-ARMY (JTACMS-A)	123,707	88,197	88,197	88,197	---	---
INFANTRY SUPPORT WEAPONS	22,576	26,044	21,044	26,044	---	+5,000
MOBILITY	952	47,828	---	27,828	-20,000	+27,828
SMOKE MUNITIONS & MATERIEL	5,736	7,892	7,892	7,892	---	---
COUNTERMINE AND BARRIERS	7,611	9,728	4,905	7,728	-2,000	+2,823
COUNTERMINE AND BARRIERS (BY TRANSFER)	---	---	(4,823)	---	---	(-4,823)
LANDMINE WARFARE	7,571	16,755	9,876	13,549	-3,206	+3,673
M1A1 DEVELOPMENT PROGRAM	17,981	3,798	3,798	3,798	---	---
FIELD ARTILLERY AMMUNITION	26,377	107,275	89,275	67,275	-40,000	-22,000
FIELD ARTILLERY AMMUNITION (BY TRANSFER)	---	---	(18,000)	---	---	(-18,000)
105MM TANK AMMUNITION	1,466	---	---	---	---	---
COMM ENGINEERING DEV	10,197	6,473	5,473	6,473	---	+1,000
JT TACTICAL INFORMATION DISTRIBUTION SYSTEM	11,650	---	---	---	---	---
UNATTENDED GROUND SENSORS	476	---	---	---	---	---
MODULAR INTEGRATED COMM AND NAVIGATION SYS	4,764	8,224	---	5,716	-2,508	+5,716
RADIOLOGICAL DEFENSE EQUIPMENT	632	---	---	---	---	---
IDENTIFICATION FRIEND OR FOE EQUIPMENT DEV	---	9,871	---	9,871	---	+9,871
NIGHT VISION DEVICES	13,859	21,944	10,944	16,305	-5,639	+5,361
AIRCRAFT SURVIVABILITY EQUIPMENT	21,439	19,934	19,934	19,934	---	---
ARMY COMMAND AND CONTROL SYSTEMS ENGINEERING	9,443	6,113	6,113	6,113	---	---
COMBAT FEEDING, CLOTHING AND EQUIPMENT	3,805	4,363	3,423	4,363	---	+940
TACTICAL ELECTRICAL POWER SOURCES	9,630	6,449	6,449	6,449	---	---
GENERAL COMBAT SUPPORT	13,601	11,538	11,538	11,538	---	---
PHYSICAL SECURITY	6,180	1,216	7,216	1,216	---	-6,000
EDUCATION AND TRAINING	6,291	4,378	4,378	4,378	---	---
SPECIAL PURPOSE DETECTORS	3,098	1,181	1,181	1,181	---	---
CML/BIO DETECTION WARNING & TRAINING MATERIEL	21,962	31,427	31,427	28,427	-3,000	-3,000
CHEM BIO PROTECTIVE MATERIEL	14,824	10,550	3,000	10,550	---	+7,550
COMMAND AND CONTROL	5,517	548	548	548	---	---
REMOTELY PILOTED VEHICLES	21,986	91,880	60,000	60,000	-31,880	---
INFRARED TERMINALLY GUIDED SUBMUNITION	---	27,114	---	27,114	---	+27,114
DIVISION AIR DEFENSE COMMAND AND CONTROL	31,441	82,065	30,000	52,065	-30,000	+22,065
AUTOMATIC TEST EQUIPMENT DEVELOPMENT	17,432	12,325	12,325	12,325	---	---
SINGLE CHAN GND & ABN RADIO SYS (SINCGARS) ED	12,250	13,922	13,922	13,922	---	---
MEDICAL CHEMICAL DEFENSE LIFE SPT MAT	7,308	9,204	9,204	9,204	---	---
DRUG AND VACCINE DEVELOPMENT	9,989	10,563	10,563	10,563	---	---
JOINT SURVEILLANCE/TARGET ATTACK RADAR SYSTEM	41,697	27,882	27,882	27,882	---	---
JT INTEROP OF TAC CMD & CONT SYS (JINTACCS)	6,689	7,719	7,719	7,719	---	---
JT CB POINT OF CONTACT, TEST AND ASSESSMENT	2,286	6,249	6,249	6,249	---	---
HV ANTI-TANK ASSAULT WPN SYS (TOW)	11,263	12,468	5,000	5,000	-7,468	---
ADV FIELD ARTILLERY TACTICAL DATA SYSTEM	19,032	40,444	---	30,000	-10,444	+30,000
MED ANTI-TANK ASSAULT WEAPON - DRAGON	2,379	---	---	---	---	---
CHAPARRAL	16,811	5,627	5,627	5,627	---	---
SAM HAWK/HAWK IMP PROG	4,960	10,633	10,633	10,633	---	---
COMBAT VEHICLE IMPROVEMENT PROGRAM	61,853	79,203	50,000	65,996	-13,207	+15,996
AN/TSQ-73 MODIFICATIONS	---	9,671	9,671	9,671	---	---
MANEUVER CONTROL SYSTEM	8,216	9,401	9,401	9,401	---	---
155MM	24,857	35,726	35,726	35,726	---	---
EQUIPMENT UPGRADE	29,314	23,343	43,343	23,343	---	-20,000
PATRIOT PRODUCT IMPROVEMENT PROGRAM	---	40,221	---	40,221	---	+40,221
HELLFIRE PRODUCT IMPROVEMENT PROGRAM	---	11,947	5,000	9,947	-2,000	+4,947
SPECIAL OPERATIONS FORCES (SOF) EQUIPMENT	---	31,242	31,242	21,124	-10,118	-10,118

[In thousands of dollars]

	1986 adjusted amount (1)	1987 budget estimate (2)	House allowance (3)	Committee recommendation (4)	Senate compared to—	
					Budget estimate (5)	House allowance (6)
AIRCRAFT ENGINE COMPONENT IMPROVEMENT PROGRAM.........	---	14,592	13,592	11,392	-3,000	-2,000
JOINT TACTICAL COMMO PROGRAM (TRITAC).................	29,079	17,401	15,401	17,401	---	+2,000
EUCOM C3 SYSTEMS......................................	1,866	1,078	1,078	1,078	---	---
CLASSIFIED PROGRAMS...................................	478,447	616,824	481,607	595,953	-20,871	+114,346
TOTAL, TACTICAL PROGRAMS..............................	1,969,268	2,440,170	1,661,246	2,150,426	-289,744	+489,180
INTELLIGENCE & COMMUNICATIONS						
LONG-HAUL COMMUNICATIONS (DCS)........................	4,103	2,684	2,684	2,684	---	---
SATCOM GROUND ENVIRONMENT.............................	56,667	94,478	79,478	84,478	-10,000	+5,000
COMMUNICATIONS SECURITY (COMSEC)......................	8,965	7,280	7,280	7,280	---	---
MAPPING AND GEODESY...................................	3,069	---	---	---	---	---
AIRCRAFT AVIONICS.....................................	2,130	2,493	2,493	2,493	---	---
MAPPING AND GEODESY...................................	2,145	11,473	9,473	275	-11,198	-9,198
NAVSTAR GLOBAL POS SYS (USER EQ)......................	10,725	4,719	4,719	4,719	---	---
CLASSIFIED PROGRAMS...................................	6,540	7,293	7,293	5,876	-1,417	-1,417
TOTAL, INTELLIGENCE & COMMUNICATIONS..................	94,344	130,420	113,420	107,805	-22,615	-5,615
DEFENSEWIDE MISSION SUPPORT						
TARGET MISSILES.......................................	3,806	9,731	7,731	9,731	---	+2,000
NONSYSTEMS TRAINING DEVICES (NSTD) DEV................	4,664	3,869	3,869	3,869	---	---
NATO RESEARCH AND DEVELOPMENT.........................	23,790	49,356	---	40,000	-9,356	+40,000
NON-SYSTEM TNG DEVICES ENGR...........................	40,327	46,260	43,260	36,260	-10,000	-7,000
METEOROLOGICAL EQUIPMENT AND SYSTEMS..................	4,616	1,207	1,207	1,207	---	---
AVIATION ENGINEERING FLIGHT ACTIVITY..................	9,244	13,217	12,217	11,217	-2,000	-1,000
KWAJALEIN MISSILE RANGE...............................	146,563	163,470	148,605	155,000	-8,470	+6,395
SUPPORT OF DEVELOPMENT TESTING........................	53,907	50,444	47,194	50,444	---	+3,250
MATERIEL SYSTEMS ANALYSIS.............................	15,144	16,966	15,966	16,966	---	+1,000
EXPLOITATION OF FOREIGN ITEMS.........................	3,396	3,984	3,984	3,984	---	---
SUPPORT OF OPERATIONAL TESTING........................	49,455	55,745	55,745	52,745	-3,000	-3,000
THREAT SIMULATORS FOR TESTING.........................	31,403	34,279	34,279	34,279	---	---
NUCLEAR SURVIVABILITY TESTING & ANALYSIS..............	---	3,950	---	---	-3,950	---
PROGRAM-WIDE ACTIVITIES...............................	161,583	85,484	68,732	81,485	-3,999	+12,753
INTL COOPERATIVE RESEARCH AND DEV.....................	901	977	---	977	---	+977
TECHNICAL INFO ACTIVITIES.............................	5,961	6,772	6,772	5,175	-1,597	-1,597
AMC MAJOR RANGES AND TEST FACILITIES..................	336,501	207,799	167,771	203,800	-3,999	+36,029
MUNITIONS STANDARDZION EFFECTIVENESS & SAFETY.........	11,069	11,610	10,610	11,610	---	+1,000
DOD HIGH ENERGY LASER SYSTEMS TEST FAC................	19,207	20,729	20,729	20,729	---	---
RDTE SUPPORT FOR NON-DEVELOPMENTAL ITEMS..............	---	9,194	9,194	6,513	-2,681	-2,681
PRODUCTIVITY INVESTMENTS..............................	19,983	53,893	43,893	28,893	-25,000	-15,000
REAL PROPERTY MAINTENANCE (RDT&E).....................	---	174,536	140,711	140,711	-33,825	---
BASE OPERATIONS (RDT&E)...............................	---	202,951	163,982	163,982	-38,969	---
MGT HQ (RESEARCH/DEVELOPMENT).........................	11,263	11,244	11,244	11,244	---	---
INDUSTRIAL PREPAREDNESS...............................	87,605	29,105	29,105	29,105	---	---
TOTAL, DEFENSEWIDE MISSION SUPPORT....................	1,040,388	1,266,772	1,046,800	1,119,926	-146,846	+73,126
CONVENTIONAL DEFENSE INITIATIVES						
COMBAT VEHICLE DIESEL ENGINE..........................	---	---	9,000	---	---	-9,000
GUARD/RESERVE UNIQUE R&D..............................	---	---	5,000	---	---	-5,000
LIGHT ARMORED VEHICLE/WEASEL EVALUATION...............	---	---	10,000	---	---	-10,000
MINE FLAIL WHEELED VEHICLE............................	---	---	10,000	---	---	-10,000
GROUND LAUNCHED HELLFIRE..............................	---	---	2,000	---	---	-2,000
STINGER SYSTEM SAFEGUARD..............................	---	---	1,000	---	---	-1,000
NATO COOPERATIVE R&D..................................	---	---	31,000	---	---	-31,000
TACTICAL RPV EVALUATION...............................	---	---	10,000	---	---	-10,000
FIBER OPTICS GUIDED MISSILES..........................	---	---	83,313	---	---	-83,313
QUIET GENERATORS......................................	---	---	5,000	---	---	-5,000
HELICOPTER AIR TO AIR MISSILE.........................	---	---	5,000	---	---	-5,000
CLOSE IN AIR DEFENSE..................................	---	---	10,000	---	---	-10,000
MILAN II EVALUATION...................................	---	---	20,000	---	---	-20,000
TOTAL, CONVENTIONAL DEFENSE INITIATIVES...............	---	---	201,313	---	---	-201,313

[In thousands of dollars]

	1986 adjusted amount (1)	1987 budget estimate (2)	House allowance (3)	Committee recom-mendation (4)	Senate compared to—	
					Budget estimate (5)	House allowance (6)
COOPERATIVE DOD/VA MEDICAL RESEARCH..................	---	---	10,000	---	---	-10,000
CONSULTANTS, STUDIES & ANALYSES......................	-10,000	---	---	-6,048	-6,048	-6,048
RESTORATION OF CIVILIAN PAY REDUCTION................	16,800	---	---	---	---	---
GUARD/RESERVE UNIQUE R&D.............................	5,000	---	---	-82,000	-82,000	-82,000
GENERAL REDUCTION....................................	-45,000	---	-40,000	---	---	+40,000
INFLATION ESTIMATES FOR FY 1986......................	-4,000	---	---	---	---	---
PRIOR YEAR FUEL SAVINGS..............................	---	---	-830	---	---	+830
FY 87 FUEL SAVINGS...................................	---	---	-9,100	---	---	+9,100
RDT&E PROFIT POLICY ADJUSTMENT.......................	---	---	---	-22,610	-22,610	-22,610
TOTAL, RESEARCH DEVELOPMENT TEST + EVAL, ARMY.......	4,563,062	5,550,300	4,426,660	4,840,463	-709,837	+413,803
TRANSFER FROM OTHER ACCOUNTS.......................	---	---	(22,823)	---	---	(-22,823)
TOTAL FUNDING AVAILABLE............................	4,563,062	5,550,300	4,449,483	4,840,463	-709,837	+390,980

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, NAVY

1986 appropriation	$10,065,239,000
1986 adjusted	9,572,042,000
1987 budget estimate	10,586,800,000
House allowance	8,640,727,000
Committee recommendation	9,572,674,000

The Committee recommends an appropriation of $9,572,674,000 for the Navy's research, development, test, and evaluation programs, a reduction of $1,014,126,000 to the budget request. The Committee recommendation is $931,947,000 above the House allowance.

[In thousands of dollars]

	Budget estimate	House allowance	Committee recommendation	Change from budget
Technology base	851,048	770,137	812,128	-38,920
Advanced technology development	196,272	124,448	138,082	-58,190
Strategic programs	2,001,046	1,776,910	1,949,805	-51,241
Tactical programs	6,035,049	4,430,811	5,521,436	-513,613
Intelligence and communications	695,030	700,480	638,780	-56,250
Defensewide mission support	808,355	680,592	750,387	-57,968
Conventional defense initiatives		31,000		
Consultants			-10,504	-10,504
Other programs		137,221		
Prior year/fiscal year 1987 fuel savings		-872		
Fiscal year 1987 inflation repricing			-182,900	-182,900
General reductions		-10,000		
RDT&E profit policy adjustment			-44,540	-44,540

The budget activities and programs funded under this appropriation are discussed below.

TECHNOLOGY BASE

The recommended program includes $812,128,000 for technology base. This activity finances basic research and exploratory development with the primary objective of increasing the store of fundamental scientific knowledge adaptable to the solution of widely varying future Navy requirements.

The Committee recommends the following change to the budget estimate:

Defense research sciences.—The Committee recommends an appropriation of $330,000,000 for defense research sciences, a reduction of $19,853,000 to the budget request and $10,241,000 below the House allowance. This year's Navy basic research budget request increased by 11 percent over the fiscal year 1986 post-Gramm-Rudman-Hollings baseline of approximately $315,000,000. The recommended reduction still gives the fiscal year 1987 program a $15,000,000 increase or 4.7 percent over the fiscal year 1986 baseline program.

The Navy is encouraged to limit growth of new project starts and fully fund all ongoing research activities from previous years. The Committee directs that none of the reduction be applied against the Naval Oceanographic Institute project.

Other adjustments.—The fiscal year 1987 budget request for Navy technology base programs included increases for a number of programs which exceeded by unjustifiably large percentages the amounts provided in fiscal year 1986, or lacked sufficient program explanation. The Committee, accordingly, recommends the following adjustments.

[In thousands of dollars]

	Budget request	Recommendation	Reduction
AAW/ASUW technology	75,244	65,000	- 10,244
Marine Corps air-ground technology	17,628	15,628	- 2,000
C^3 technology	20,242	19,242	- 1,000

ADVANCED TECHNOLOGY DEVELOPMENT

The recommended program includes $138,082,000 for advanced technology development. This activity provides for exploration of alternatives and concepts prior to development of specific weapons systems. Particular emphasis is placed on demonstrating new concepts to provide improved naval warfare capability in the 1980's and 1990's, including naval air, surface and subsurface vehicle and related propulsion and electronics technology, undersea and ocean surveillance, naval warfare target detection, acquisition and weapon technology and training and personnel technology.

The Committee recommends the following changes to the budget estimate:

National aerospace plane [NASP]—Navy portion.—The Committee recommends deletion of the budget request of $25,527,000 for the Navy portion of the National Aerospace Plane [NASP] Program, in agreement with the House. This initiative is explained in the Defense Agencies section of the Committee report.

Other advanced technology development adjustments.—The fiscal year 1987 budget request included increases for a number of Navy advanced technology development programs which exceeded by unjustifiably large percentages the amounts provided in fiscal year 1986, or lacked sufficient program explanation. The Committee, accordingly, recommends the following adjustments:

[In thousands of dollars]

	Budget request	Recom-mendation	Reduction
Advanced aircraft propulsion system	6,638	4,052	-2,586
Advanced aircraft subsystems	7,944	6,428	-1,696
Human factors engineering	3,964	2,964	-1,000
Manpower and personnel development	6,658	3,599	-3,059
Generic logistics R&D	21,236	20,000	-1,236
Education and training	6,536	4,536	-2,000
Advanced ASW technology	25,063	20,000	-5,063
Advanced technology transition	13,492	4,943	-8,549

STRATEGIC PROGRAMS

The recommended program includes $1,949,805,000 for strategic programs. This activity provides for all research and development efforts on strategic offensive, defensive, and control systems. Primary emphasis is on development to assure continued viability of sea-based nuclear second strike capability. The Committee recommends the following changes to Navy strategic programs, in conformance with the authorization act:

Trident II SLBM.—The Committee recommends an appropriation of $1,595,000,000 for the Trident II SLBM, a reduction of $37,866,000 to the budget request and $95,000,000 above the House allowance. The fiscal year 1987 budget request for the Trident II supports continued engineering development and initiation of developmental flight testing in January 1987. The recommended adjustment reprices fiscal year 1987 funding requirements.

The Committee strongly supports development of the Trident II as an integral part of the strategic force modernization program. The Trident II is a three-stage, 83-inch diameter missile weighting 130,000 pounds. It will be capable of carrying both high- and low-yield warheads, providing significant flexibility against a range of hard and soft targets. The Trident II provides a much needed complement to the Peacekeeper and Small ICBM programs, giving the Navy the opportunity to fully exploit the range and payload capabilities of the Trident submarine.

The Trident II is planned for introduction to the ballistic missile submarine fleet in late 1989, a critical juncture—midway between initial Peacekeeper deployments in 1986 and deployment of the small ICBM or additional Peacekeepers in the early 1990's. Unless the Trident II is deployed on time and on schedule in late 1989, there is the potential that the United States could go without deployment of new ballistic missiles for a number of years after completion of the initial Peacekeeper deployments. Consequently, the Trident II R&D program takes on added importance not just for the Navy, but also for the continuity of the U.S. strategic force modernization program and arms negotiating posture.

The Committee strongly encourages the Office of the Secretary of Defense to regularly review the status of the Trident II research and development program to ensure that all major development milestones remain on schedule, with a minimum number of work-arounds and rescheduling. It is imperative to retain the current schedule and reduce overall program risk to ensure timely deployment.

The Committee must also note that the Navy has provided information indicating that delays in the formation of the NAVSTAR GPS satellite constellation could restrict the daily launch windows for developmental flight testing of the Trident II. Potential Trident II R&D flight test launch windows limitations are of interest to the Committee, since such restrictions might necessitate cost increases on the Trident II R&D program. The Committee directs the Navy to provide it with a report on the effect that GPS satellite availability will have on the Trident II developmental flight test program. This report should be completed no later than April 1, 1987.

Navy strategic communications.—The Committee recommends an appropriation of $135,116,000 for Navy strategic communications, a reduction of $8,166,000 to the budget request and $50,462,000 above the House allowance. The proposed reduction is applied against the Navy shore-to-ship communications systems project, which was budgeted for a large increase. The Navy did not identify the urgency for accelerating lower priority demonstrations of free floating balloons relay systems, and the Committee prefers to defer fiscal year 1987 funding, given the Navy's large R&D investment in other strategic C^3 areas.

Other strategic program adjustments.—The fiscal year 1987 budget request included increases for a number of Navy strategic programs which exceeded by unjustifiably large percentages the amounts provided in fiscal year 1986, or lacked sufficient program explanation. The Committee, accordingly, recommends the following adjustments:

[In thousands of dollars]

	Budget request	Recommendation	Reduction
Tactical space operations	22,506	20,000	-2,506
SSBN survivability	2,703		-2,703

TACTICAL PROGRAMS

The recommended program includes $5,521,436,000 for tactical programs. This activity provides for advanced, engineering, and operational systems development efforts on all aspects related to all conflict levels of tactical warfare, with emphasis on sea control, Navy and Marine Corps air operations, Marine Corps amphibious operations, and related combat support. This includes developments to improve the Department of the Navy's capabilities in the combat missions of ocean surface surveillance and targeting, undersea surveillance, antisurface (including interdiction and air defense suppression), antiair (including air superiority), antisubmarine, amphibious and special warfare, and naval mine warfare, plus improved capability in the related support missions of air and surface mobility, logistics/resupply/transfer, personnel support, early warning, communications, command and control, tactical intelligence and reconnaissance, navigation, identification, position locating, traffic control, electronic warfare, physical security and developments related to major multimission naval vehicles.

The Committee recommends the following changes to the budget estimate:

Advanced air-air surface-air missile.—The Committee recommends an appropriation of $70,000,000 for the advanced air-to-air surface-to-air missile, a reduction of $9,728,000 to the budget request and $70,000,000 above the House allowance. This program represents the sole Navy effort for an advanced air-to-air missile to succeed the Phoenix and is the primary funding source for development of a long-range surface-to-air missile.

Last year the Committee expressed its displeasure with the Navy's progress on formulating the concepts for new air-to-air and surface-to-air missiles for use in the outer air battle. The Navy's outer air battle studies confirmed the need for longer range missiles to intercept enemy aircraft—such as the Backfire bomber—before they reach their weapons release points. However, the Navy's progress appeared insufficient, due to internal debate over the kind of technologies needed to obtain this capability.

The AAAM/ASAM program presented to the Committee for fiscal year 1987 is a marked improvement over last year's program. The Navy ended the concept formulation phase in November 1985, and has drafted development options on the AAAM/ASAM. Importantly, the Secretary of the Navy has formed a blue-ribbon panel which has been tasked to verify the cost, effectiveness, and technological risk of various AAAM/ASAM candidates. A test and evaluation master plan was completed for AAAM/ASAM prior to the program's DOD review this summer.

These positive developments give the Committee greater assurance that AAAM/ASAM can move into a demonstration and validation phase with high confidence of successful transition to engineering development by the later 1980's or early 1990's. However, the Committee continues to express its concerns over the total acquisition cost of the program. It directs the Navy to submit a complete estimate of AAAM/ASAM development funding with the fiscal year 1988 budget submission, as well as an inventory objective procurement cost profile for the entire program.

Conventional munitions.—The Committee recommends an appropriation of $30,882,000 for conventional munitions, a reduction of $10,000,000 to the budget request and $4,118,000 below the House allowance. This reduction of $10,000,000 will defer advanced development efforts on insensitive munitions and conventional warhead fuzes.

The Navy proposed to transition a wide range of conventional munitions development projects into engineering development in the near future. With the shortage of Navy research and development dollars, the Committee recommends that the Navy review its outyear planning in this area to confirm their requirement, urgency, and affordability.

Tactical nuclear weapon development.—The Committee recommends an appropriation of $8,000,000 for tactical nuclear weapon development, a reduction of $7,151,000 to the budget request.

The Navy level of effort for this program more than doubled from the fiscal year 1986 program baseline. Little justification for this doubling of effort was given in the program's descriptive summaries. The Committee recommends a slower paced acceleration of the Navy's level of effort in this area, until the Navy provides a more convincing justification for its program requirements.

Helicopter development.—The Committee recommends an appropriation of $6,465,000 for helicopter development, a reduction of $4,619,000 to both the budget request and the House allowance. This recommendation defers a project to fabricate and integrate a night targeting system for the AH-1 helicopter.

Marine Corps program adjustments.—The Committee recommends the following adjustments to Marine Corps tactical R&D programs. These recommendations are made to slow proposed Navy/Marine Corps program accelerations, defer new project starts and deny attempts to recoup funding for programs reduced in prior years.

[In thousands of dollars]

	Budget request	Recommendation	Reduction
USMC telecommunications	11,644	9,000	-2,644
MC ground combat sup/arms sys	67,934	63,458	-4,476
MC tech supp C/C systems	7,471	4,406	-3,065
Tri Tac Marine Corps	6,959	5,959	-1,000

Program terminations—tactical programs.—The Committee recommends termination of four Navy tactical R&D programs. In early spring, the Committee was notified of the Secretary of the Navy's intention to terminate Seafire because of contractor cost increases. The Committee also understands that it is the intention of the Navy to terminate all outyear funding for the SM-2N program. Funding for these programs is deleted ($4,924,000 for seafire and $9,229,000 for SM-2N), and the Committee anticipates no new funding requirements for them to emerge in the future.

The Committee is also recommending termination of the 16-inch naval gunfire improvement effort within the Naval Gunfire Improvement Program, deleting $7,718,000 from the budget request. The Navy has not made the case for development of new, 16-inch extended range, sabot and chaff rounds—the Navy is already proposing to spend hundreds of millions of dollars on the 5-inch laser guided projectile which can provide support for amphibious assaults or pinpoint targeting against defended areas. The Committee strongly believes that Navy R&D resources can be better spent on advancing new technologies than on new rounds for 16-inch guns on the battleships.

The Committee also recommends denying further funding for the S-3 Weapons Systems Improvement Program [WSIP] and has deleted all $15,644,000 from the budget request. The Navy has spent enough funds improving the S–3, and should move on to the new technology associated with the V–22 to perform this mission. R&D efforts on the S–3 should be completed within available funds from prior years.

GAO recommendations.—The Committee recommends the following reductions, based on General Accounting Office analyses of Marine Corps R&D programs made during 1986:

[In thousands of dollars]

Program	Budget request	Recommendation
Marine Corps ground combat/support arms	12,541	3,736
CATFAE project	(5,300)	
POMINS project	(3,495)	

GAO analysis indicated that the catapult launched fuel air explosive mine clearing system [CATFAE] will not transition to full-scale engineering development until fiscal year 1988. Consequently, a reduction of $5,300,000 is applied to the Marines' engineering development program. Advanced development funding for CATFAE is found in the 63729M line item, and any additional requirements should be made available from within existing Navy RDT&E funds.

The Marine Corps decided to terminate the portable mine neutralization system [POMINS] on April 4, 1986. The Committee recommends denial of the entire fiscal year 1987 budget request of $3,495,000 for the POMINS project budgeted within this program.

The Committee recommends fully funding the budget request for the VEMASID program.

Support equipment.—The Committee recommends an appropriation of $22,492,000 for support equipment, a reduction of $10,000,000 to the budget request and the House allowance. The Navy's program to develop a consolidated support system more than doubled from the fiscal year 1986 level of effort to support a transition to engineering development.

While upgrading automatic test equipment is needed to improve Navy materiel readiness, the specific requirement for starting FSD in fiscal year 1987 is not clear. The Committee recommends deferral pending more complete justification of the requirement.

P–3 modernization.—The Committee recommends an appropriation of $77,200,000 for the P–3 modernization program, a reduction of $19,677,000 to the budget request. The Navy P–3 Modernization R&D Program includes over $70,000,000 for P–3 update IV avionics and $19,677,000 for initiation P–3D development.

The Navy proposed to prepare a competitive data package for the P–3D development program, as well as initiate vehicle development in fiscal year 1987. The Navy proposed to initiate air vehicle development before developmental activity on the propulsion plant begins in fiscal year 1988. The Committee objects to this procedure, noting that it is customary for air vehicle develpoment to be synchronized with propulsion plant development/integration.

The Committee recommends deferral of P–3D air vehicle development until fiscal year 1988, when the balance of P–3D hardware development for propulsion, avionics, subsystem integration is scheduled.

Acoustics search sensors.—The Committee recommends an appropriaton of $36,819,000 for acoustic search sensors, a reduction of $19,942,000 to the budget request, in agreement with the House. The proposed reduction will terminate the ERAPS (expendable reliable acoustic path sonobuoy) project. ERAPS has been in technology development far too long, and major technical problems remain, as highlighted in the House report. The Committee recommends prompt termination of this project.

MK 92 fire control system upgrade.—The Committee recommends denial of the budget request of $7,808,000 for the MK 92 fire control system [FCS] upgrade. The Navy identified MK 92 FCS deficiencies during land-based and at-sea developmental tests, and at at-sea operational evaluations. The proposed increases to the fiscal year 1987 program are for the correction of those deficiencies, as well as continued development and compatibility of the MK 92 FCS MOD 6 into the FFG–7 frigate.

The Navy recently notified Congress of its decision to opt for development of an Aegis derivative combat system for backfit in the FFG–7 class instead of MK 92 CORT installation. A design-to-cost downsized Aegis derivative would be a candidate for the NATO frigate replacement program, as well as FFG–7 ships. Accordingly, the Committee recommends termination of further developmental upgrades efforts on the MK 92 FCS.

Submarine support equipment program.—The Committee recommends an appropriation of $24,265,000 for the submarine support equipment program, a reduction of $8,000,000 to the budget request and $7,000,000 above the House allowance. The Navy proposed to more than double R&D funding for its submarine surveillance support equipment, to commence full-scale development on the AN/WLQ electronic support measures system and some classified activities.

The Committee recommends deferral of $8,000,000 associated with moving the AN/WLQ into full-scale development, as well as a rephase of the Navy's level of effort in other classified areas.

Initial trainers acquisition.—The Committee recommends an appropriation of $70,000,000 for initial trainers acquisition, a reduction of $14,621,000 to the budget request. The House recommended no fiscal year 1987 funds for the program. The Navy proposed to consolidate aircrew and maintenance trainer R&D funding into a new line item, initial trainers acquisition. This program will fund development and acquisition of operational flight trainers, part task trainers, and weapons systems trainers for the A–6F, F–14D, and SH–60F aircraft.

SH–60F funding requirements appear excessive—the Navy is requesting nearly $46,000,000 for SH–60F trainer acquisition, more than the other two programs combined. This is requested in spite of the fact that these trainers will be very similar to SH–60B trainers. The Committee recommends a reduction of $14,621,000 to SH–60F trainer acquisition and development, which still provides more than $30,000,000 to implement the fiscal year 1987 program.

NCCS ashore nodes.—The Committee recommends an appropriatoin of $43,029,000 for NCCS ashore nodes, a reduction of $10,000,000 to the budget request and House allowance. The Navy increased its ASW Operations Center project by $9,110,000 without explanation, making no mention of milestone changes or additional engineering development requiring such an increase.

The Committee recommends deleting the unjustified funding increase for the ASW Operations Center project.

F-14 upgrade.—The Committee recommends an appropriation of $260,421,000 for the F-14 upgrade program, a reduction of $8,000,000 to the budget request and $20,421,000 above the House allowance. The Navy proposed an additional $8,000,000 to the F-14 upgrade program to initiate a new project, long wave infrared search and track. The Navy does not identify any firm program milestones or objectives for the project, nor does it identify a firm IOC date.

The Committee proposes to defer this new project start, as it has suggested on other new starts proposed by the services.

Electronic warfare counter response.—The Committee recommends an appropriation of $50,293,000 for electronic warfare counter response, a reduction of $19,415,000 to the budget request and $50,293,000 above the House allowance. The Committee would delete a funding increase identified as a new fiscal year 1987 requirement above last year's projection for the program to negotiate a firm fixed price contract on the EA-6B advanced capability receiver processor group (ADVCAP RPG).

The Committee has gone to great lengths to protect the numerous Navy R&D programs on fixed price contracts—the A-6F, F-14D, V-22, E-6A, T-45TS. The Committee recommends deletion of $19,415,000 associated with putting the ADVCAP RPG on a fixed-price contract, and directs the Navy to restructure the program within existing funds.

Engine Component Improvement Program.—The Committee recommends an appropriation of $48,887,000 for the Navy Engine Component Improvement Program, a reduction of $16,296,000 to the budget request and $11,113,000 below the House allowance. The Committee has recommended this course of action to slow Government-supported financing of engine component improvement programs, with the intent of gradually transitioning to a position where the major engine manufacturer's can finance most, if not all of this engineering support activity.

The Committee notes that the engine component improvement programs of the military services have reached the several hundred million dollar level. Engine CIP programs were established to fund engineering support activities on engines once their full-scale development is complete, in order to address usage and life issues not covered in the original development warranties. The Committee believes that these programs have become entrenched to such an extent that they are noncompetitive and not sufficiently reviewed inhouse by the sponsoring service or the Department of Defense.

Consequently, the Committee recommends a sharp reduction in fiscal year 1987 funding for these programs, and directs the Department of Defense to restructure them toward the ultimate goal having the engine manufacturers provide this support without Government financing. In the interim period, engine CIP work should be awarded solely on the basis of competitive bids, and the engine CIP program should be submitted to a thorough inhouse review by the Department of Defense.

The Committee directs that the Office of the Under Secretary for Research and Engineering provide it with a feasibility study on the elimination of all engine component improvement support activity from the RDT&E program no later than April 1, 1987.

Other tactical program adjustments.—The fiscal year 1987 Navy budget request for tactical programs included increases for a large number of programs which exceeded by unjustifiably large percentages the amounts provided in fiscal year 1986, or lacked sufficient program explanation. The Committee, accordingly, recommends the following adjustments:

[In thousands of dollars]

	Budget request	Recommendation	Reduction
Airborne life support systems	4,377	3,377	-1,000
Air ASW	9,131	7,131	-2,000
Aircraft surviv/vulnerability	19,054	16,054	-3,000
Naval airship	9,834	5,000	-4,834
Low cost antiradiation seeker	14,704	9,704	-5,000
Shipboard damage control	41,861	31,861	-10,000
Ship development	21,606	18,687	-2,919
Surface ship Navsystem	6,675	5,000	-1,675
Physical security	7,686	5,722	-1,964
USMC grd combat/spt systems	18,249	15,570	-2,679
Jt. service expl ordnance devel	14,791	14,291	-500
Fleet tactical D&E program	4,649	4,149	-500
Command and control system	36,525	35,525	-1,000
Naval special warfare	15,637	13,321	-2,316
Facilities improvement	9,476	8,476	-1,000
Combat service sup (adv)	15,857	13,857	-2,000
Ariadne	11,240	9,240	-2,000
NCCS SE&I	12,599	10,599	-2,000
ASW surveillance	25,982	22,982	-3,000
Aircraft propulsion (ENG)	27,500	25,143	-2,357
EW simulation development	51,896	41,896	-10,000
Closein weapon (Phalanx)	7,493	6,000	-1,493
Tomahawk	68,368	66,368	-2,000
NATO Sea Sparrow (RIM–7M)	7,745	5,745	-2,000
Submarine communications	25,979	20,979	-5,000
Radar surveillance equipment	9,321	7,821	-1,500
Ship survivability	9,194	7,194	-2,000
Sub tactical warfare system	47,101	42,101	-5,000
Physical security (eng)	9,015	5,271	-3,744
Std embedded computer resources	32,469	28,469	-4,000
Unguided conventional A/L weapon	5,626	4,011	-1,615
Bomb-fuze improvement	14,711	9,834	-4,877
Air warfare training development	1,964		-1,964
Surface warfare training development	28,631	25,631	-3,000

[In thousands of dollars]

	Budget request	Recommendation	Reduction
Combat service support	5,465	4,965	-500
Medical development (eng)	2,997	2,497	-500
Jt. interop tac cmd/cnt USMC	3,471	2,971	-500
Management and technical support	14,296	13,296	-1,000
A-6 squadrons	13,820	10,077	-3,743
Aviation spt CVW	2,221	1,000	-1,221
Fleet TCC (tac)	63,733	60,000	-3,733
Special projects	10,500	8,684	-1,816
Counter C^3 development	23,952	22,952	-1,000

Submarine combat system.—The Committee recommends an appropriation of $266,649,000 for the submarine combat system, a reduction of $50,000,000 to the budget request and $18,300,000 below the House allowance. This recommendation is made in concert with the Committee's proposal to defer a portion of advance procurement funds for the SSN-21 new design attack submarine.

The Navy budgeted approximately $113,500,000 in fiscal year 1987 for development of an advanced combat system for the SSN-21 attack submarine. The evolution of the combat system program and funding profile was designed to ensure an FSD start in January 1988, to permit delivery to a fiscal year 1989 authorized SSN-21 lead submarine of the class.

With its decision supporting the deferral of SSN-21 advance procurement and the delay in the award of the lead ship of the class, the Committee contends that the submarine combat system R&D program should be rephased accordingly.

Surface ship torpedo defense.—The Committee recommends an appropriation of $13,708,000 for surface ship torpedo defense [SSTD], a reduction of $23,200,000 to the budget request and $6,100,000 below the House allowance. A General Accounting Office review of the SSTD program indicates that the RDT&E effort is overly ambitious, and that it should be redirected to incorporate greater use of off-the-shelf technology.

The Committee has reviewed the GAO analysis on this program, and concurs in its finding. The Committee notes that the Navy itself is considering a major programmatic restructure of SSTD, in light of similar concerns. A complete assessment of these concerns cannot be addressed here due to classification. The Committee encourages the Navy to initiate a complete restructuring of the surface ship torpedo defense program based on the GAO findings.

Surface ASW systems improvements.—The Committee recommends no fiscal year 1987 appropriation for surface ASW improvements, a reduction of $36,860,000 to the budget request and $18,430,000 below the House allowance. A General Accounting Office review of the Surface ASW Improvements Program indicated the AN/SQQ-89 (V) upgrade may be prematurely transitioning toward engineering development. The explanation for this reduction is based on information regarding the AN/SQQ-89 upgrade program and its current level of developmental maturity.

Advanced air-to-surface missile.—The Committee recommends an appropriation of $31,700,000 for the advanced air-to-surface missile, a reduction of $10,709,000 to the budget request. This program funds two Navy weapons projects, the standoff land attack missile [SLAM] and the advanced interdiction weapons system.

The Navy proposes to develop a standoff land-attack version of the Harpoon as an interim precision strike weapon until such time as more advanced and capable land-attack missiles now under development are fielded. The Navy promulgated an operational requirement for the SLAM in April. The major elements of the SLAM guidance system include an I^2R Maverick seeker, a Walleye data link, and a single channel GPS receiver. The Navy also proposes to divert 19 of 94 Harpoon missiles requested in fiscal year 1987 for use as SLAM variants.

The Navy had previously conducted RDT&E on an air-launched version of the Tomahawk cruise missile, called MRASM (medium range air-to-surface missile). The Committee supports the program as an interim land attack capability, pending development of more advanced land attack systems.

Joint advanced systems.—The Committee recommends an appropriation of $132,446,000 for joint advanced systems. Further explanation of this recommendation is contained in the classified annex of the report.

INTELLIGENCE AND COMMUNICATIONS

The recommended program includes $638,780,000 for intelligence and communications. This activity provides for advanced, full scale engineering development and operational system development efforts in intelligence, worldwide communications systems, and other defensewide mission support, including meteorological activities.

EHF SATCOM.—The Committee recommends an appropriation of $43,141,000 for EHF SATCOM, a reduction of $10,000,000 to the budget request and the House allowance. The Navy added more than $24,000,000 to the EHF SATCOM program over last year's projection for fiscal year 1987 to fund upgrades to MILSTAR terminals, terminal interfaces for GPS satellites, and purchase of automatic test equipment.

The Committee is looking unfavorably at all attempts to accelerate R&D activities beyond levels projected for fiscal year 1987 in last year's budget request. Accordingly, it recommends a reduction of $10,000,000 to the EHF SATCOM program. The Committee notes that its action still provides a substantial increase over fiscal year 1986 program levels to accomplish MILSTAR terminal upgrades.

Classified programs.—The Committee recommends an appropriation of $505,534,000 for various classified Navy intelligence and communications programs, a reduction of $43,250,000 to the budget request. Further explanation of this action is contained in the classified annex of the Committee report.

DEFENSEWIDE MISSION SUPPORT

The recommended program includes $750,387,000 for defensewide mission support. This activity provides for efforts directed toward support of installations or operations required for use in general research and development and not allocable to specific missions. Included are technical integration efforts, technical information activities, major test ranges, test facilities and general test instrumentation, target development, international cooperative R&D, and other R&D support.

The Committee recommends the following reductions in Navy defensewide mission support programs:

NATO Cooperative research and development.—The Committee recommends an appropriaton of $25,000,000 for NATO cooperative R&D, a reduction of $24,091,000 to the budget request. The Committee recommends a lower level of effort in fiscal year 1987 due to the slower than anticipated startup of the program in fiscal year 1986.

Test and evaluation support.—The Committee recommends an appropriation of $317,580,000 for test and evaluation support, a reduction of $13,000,000 to the budget request and $12,580,000 above the House allowance. A total of $10,000,000 is to be applied equally against the fiscal year 1987 budgets of the Atlantic Underwater Test Center [AUTEC] and the Naval Weapons Center, China Lake, CA.

The budget requests for both test centers appear to be in excess of their fiscal year 1986 baseline program, plus inflation. This is in contrast to other Navy test and evaluation centers funded in this program.

OTHER DEFENSEWIDE MISSION SUPPORT PROGRAMS

The fiscal year 1987 budget request included increases for Navy defensewide mission support programs which exceeded by unjustifiably large percentages the amounts provided in fiscal year 1986, or lacked sufficient program explanation. The Committee, accordingly, recommends the following adjustments:

[In thousands of dollars]

	Budget request	Recommendation	Reduction
Target systems development	111,690	100,000	-11,690
Personnel, training, simulation, and human factors	6,823	5,823	-1,000
International RDT&E	3,687		-3,687
RDT&E ship/aircraft spt	81,335	77,335	-4,000

OTHER ADJUSTMENTS

Fiscal year 1987 inflation repricing.—The Committee recommends a reduction of $182,900,000 due to lower estimates for inflation in fiscal year 1987. This reduction assumes the CBO inflation rate of 3 percent, instead of the 4.1 percent reflected in the budget request.

Consultants, studies, and analyses.—The Committee recommends a reduction of $10,504,000 for consulting, studies, and analyses provided to the Navy. This recommendation freezes consulting services at the fiscal year 1986 level of effort.

ITEMS OF SPECIAL INTEREST, NAVY

V-22 Osprey.—The Committee recommends an appropriation of $430,871,000 for the V-22 tilt-rotor aircraft program, an increase of $44,000,000 to the budget request and $90,871,000 to the House allowance. The Committee proposes to keep the program on schedule and prevent renegotiation of current V-22 contracts. The proposed recommendation will fully fund the aircraft and engine FSED contracts, permit the Navy to fund inhouse support, support equipment and associated logistics to support flight test and evaluation, and start concept definition of an ASW variant of the V-22.

Committee review of the V-22 program concludes this aircraft will markedly enhance the amphibious assault and ASW capabilities of the Navy/Marine Corps team. Only the V-22 can provide the Marine Corps the capability to conduct amphibious assaults from increased standoff ranges, and with the mobility, quickness, and survivability necessary to increase the overall effectiveness of Marine Corps assault forces. With the range and speed of a fixed-wing aircraft, the V-22 can enable the Marines to build up their beachhead much more rapidly than with conventional helicopters.

The unique capabilities of the V-22 also promise to provide the Navy with improved outer zone ASW capabilities. It will also give the Air Force a long-range special operations insertion capability, and the Army an aircraft for aero-medical evacuation, special forces infiltration, and long-range logistics support.

The Committee notes that the Secretary of the Navy redirected the V-22 program to require fixed price contracts, not to exceed prices on the first four production lots and contractor tooling cost sharing (one-third Navy; two-thirds contractors). The Navy has already taken many initiatives to ensure that V-22 development and production costs stay under control. However, budgetary constraints imposed on the V-22 program in fiscal year 1986 and fiscal year 1987 have significantly reduced the upfront R&D investment on the program as it transitions to full-scale development. In some instances, the Navy has modestly reduced the scope of developmental activities. In others, such as engine selection, it has opted for a less R&D intensive, but also less capable and cost-effective system option.

The combination of fiscal year 1986 congressional reductions, distribution of Navy R&D general reductions and the Gramm-Rudman-Hollings sequestration will make it more difficult for the V-22 program to maintain its planned late 1991 IOC without approval of an additional $36,000,000 for V-22 development in fiscal year 1987. Over $170,000,000 has been deleted from the V-22 development effort in fiscal years 1986 and 1987 from what was projected 1 year ago. The Navy has attempeted to solve this problem by moving V-22 RDT&E activity to the outyears, while assuming that out-year funding increases for the program will be sustained despite the increasingly adverse budget environment. The Navy had informed the Committe earlier this year that additional funding would be necessary in the form of reprogrammings in fiscal year 1987 to offset the impact of these reductions.

Therefore, the Committee believes V-22 development requires additional funding now, and has chosen to add these funds directly, rather than await a reprogramming action. The Committee believes that if the Navy and Marine Corps are fully committed to maintaining the late 1991 IOC date for the V-22, they would be better served to fully fund the program upfront as it transitions to FSED, rather than let essential RDT&E work slip to the outyears.

The Committee directs the Navy to provide it with a comprehensive report on the fiscal management of the V-22 program no later than June 1, 1987. Included in this report should be an analysis of the V-22 program's funding stability as it transitions from the initial phases of FSED into flight testing.

New design SSN.—The Committee recommends funding the new design SSN (SSN-21) development program at the Senate authorized level of $256,668,000 and $16,668,000 above the House allowance. The Navy's SSN-21 submarine is projected to achieve significant improvements in such areas as quieting, speed, and firepower over current SSN-688 class attack submarines.

While the Committee has deferred SSN-21 a portion of advance procurement and deleted $50,000,000 for SSN-21 combat system development, it believes that the Navy should continue its acquisition strategy for the program to include industry investment from two contractors, development of a combat system engineering agent, and development of a competitor for combat system components.

The Committee continues to be concerned about the projected cost of the SSN-21, and the impact that cost may have on the ability of the Navy to achieve its attack submarine force level objectives in the future. The new design SSN will cost at least $1,000,000,000 per copy, raising serious questions of affordability and whether the Navy will maintain its minimum attack submarine force level objective of 100 into the next century. The Committee supports efforts to reduce the unit costs of the SSN-21, while maintaining the improved capabilities.

The Committee directs the Secretary of the Navy to submit a written cost certification on the SSN-21, indicating that the average unit acquisition cost will not exceed $1,000,000,000, in accordance with the Navy baseline, for the fifth and follow-on ships of the class. Future Committee support for the SSN-21 is contingent on maintaining an affordable new design attack submarine program.

Composite helicopter rotor systems.—The Committee is convinced that composite helicopter rotor systems offer important advantages. These include: lower operation and support costs, greater reliability, increased combat survivability, and less dependence on strategic materials (titanium).

The benefits of composite rotor blades are will documented as a result of the Marine Corps' CH–46E experience. The introduction of the composite blade is considered the biggest, single improvement in CH–46 maintenance to date, and maintenance data supports the contention—the mean time between failure for the composite blade is 3,000 hours as compared to 135 hours for the old metal blade.

Other helicopters being equipped with composite main rotor blades include the SH–2F, CH–47C/D, OH–58D, and AH/UH–1's, but the newest helicopters—the UH–60 and its Navy variants, CH–53E, and AH–64 are not so equipped. Those efforts have been continually deferred.

For these reasons, the Committee directs that $10,000,000 in available funds be used to initiate a competitive program leading to the acquisition of composite rotor systems for the U/EH–60, SH–60B/F, CH–53E, and AH–64 helicopters.

H–60 helicopter engine competition.—Because of projected growth in the weight of SH–60B/F helicopters, the Navy is proceeding with a plan to conduct a competition for a more powerful H–60 engine.

An uprated version of the T–700 engine—designated the T–700–GE–401C—is being developed at no cost to the Government. The competition will be provided by the Rolls-Royce/Turbomeca RTM–322—an engine of comparable performance that is being flight tested in Europe but, if selected, would be manufactured in this country under license.

The Navy plans to use NATO cooperative research and development funds provided by Congress to flight test the RTM–322 in one SH–60B helicopter and to perform a side-by-side evaluation of the T–700–GE–401C and RTM–322. The total estimated cost is $5,600,000. A contract award is planned for fiscal year 1988.

As this plan should help to reduce the cost of future H–60 engines, the Committee supports the plan. The Committee understands that the Army expects to join in the effort, leading to a truly joint Army/Navy H–60 competitive engine strategy. The Committee urges the Army to do so, as its future engine performance requirements are similar to those of the Navy.

Skipper laser-guided practice bomb.—In fiscal year 1986, this Committee supported a $10,000,000 initiative specifically for the development of a low-cost, laser-guided training bomb along with the continued in-house development of a cluster warhead and the adaptation of the low-cost antiradiation seeker to Skipper. The Navy is directed to continue the development of these three projects to provide the Naval Strike Forces a near-term air-to-surface fighting and training capability. Therefore, the Committee appropriates $10,000,000 of fiscal year 1987 funds specifically for the continuation of only these three projects within the Conventional Munitions Program (63609N). The Secretary of the Navy will ensure these fiscal year 1987 funds are provided to China Lake NWC in a timely manner and provide this Committee a report on how and when the $10,000,000 appropriated in fiscal year 1986 was spent. The Navy is also directed to provide the Committee a copy of the program plan for the continued outyear funding of this program by December 1, 1986.

Physical acoustics research and microelectronics design and fluid dynamic research.—The Committee is aware of the vital nature of research in the area of physical acoustics. In the past few years, centers of excellence have been established in various other disciplines, with a resultant increase in the level and results of research conducted. The Committee feels that the Department of Defense should evaluate the need for a consolidation of activities designed to promote the basic science of physical acoustics, as well as the application of this basic knowledge to defense needs. Such a consolidation could not only improve the research itself, but could also widen the geographic spectrum of these institutions conducting this basic research so vital to the development of defense systems.

The Committee is also concerned about the importance of and vital need for special research in the area of microelectronics and microelectronics design, both separately and in combination with fluid dynamics, including the principles of air flow and water flow in relation to various surfaces. The Committee feels that it is important that the Department of Defense evaluate the need for additional basic research in these fields, as well as the application of the knowledge obtained from such research as it relates to our defense needs and the Committee directs the Department of Defense to evaluate the need for such additional research and the benefits it might provide to our defense program and our military security.

Naval Oceanography program.—Last year, in recognition of the significant changes in the Soviet submarine threat and the need for increased performance of our antisubmarine warfare [ASW] sensors and systems, the Committee authorized the initial investment for a new, 5-year Navy research and development program called naval oceanography.

The long-term goal of the Naval Oceanography Program is to provide a capability to predict the three-dimensional acoustic field on a regional and local basis, incorporating information from remote sensing, ocean modeling, and detailed bathymetric data. The need to have a superior understanding of the ocean environment is vital in order to conduct effective ASW against an improving Soviet submarine force, and the key is a steady, continuing funding for oceanography programs.

The Committee recommends authorization of $3,000,000 for continuation of this important research activity.

[In thousands of dollars]

	1986 adjusted amount	1987 budget estimate	House allowance	Committee recommendation	Senate compared to—	
					Budget estimate	House allowance
	(1)	(2)	(3)	(4)	(5)	(6)
RESEARCH DEVELOPMENT TEST + EVAL, NAVY						
TECHNOLOGY BASE						
UNIVERSITY RESEARCH	5,909	12,068	12,068	6,245	-5,823	-5,823
INHOUSE IND LAB RSRCH	24,846	26,918	26,918	26,918	---	---
DEF RESRCH SCIENCES	315,038	349,853	340,241	330,000	-19,853	-10,241
TACT DIRECTED ENERGY TECH	7,000	---	---	---	---	---
MISSILE PROPULSION TECH	10,503	---	---	---	---	---
SURF/AEROSPACE WPNRY TECH	27,218	---	---	---	---	---
SHIP AND SUBMARINE TECH	25,272	---	---	---	---	---
UNDERSEA WARFAR WPNRY TECH	44,181	---	---	---	---	---
U/S TARGET SURV TECH	44,495	---	---	---	---	---
SURF/AEROSP TGT SURV TECH	32,240	---	---	---	---	---
COUNTERMEASURES TECH	25,000	---	---	---	---	---
HUMAN FACTORS&SIM TECH	7,652	---	---	---	---	---
BIOMEDICAL TECH	8,906	---	---	---	---	---
LOGISTICS TECH	13,311	---	---	---	---	---
MATERIALS TECH	33,004	---	---	---	---	---
ELEX DEVICE TECH	24,898	---	---	---	---	---
PERSONNEL & TRNG TECH	5,062	---	---	---	---	---
AAW/ASUW TECHNOLOGY	-4,266	75,244	60,000	65,000	-10,244	+5,000
CHEM/BIOL/&RADIOL DEF TECH	4,765	---	---	---	---	---
ELECTRONIC WARFARE TECHNOLOGY	-838	13,946	---	13,946	---	+13,946
SURFACE SHIP TECHNOLOGY	-712	13,515	---	13,515	---	+13,515
AIRCRAFT TECHNOLOGY	21,813	21,111	20,000	21,111	---	+1,111
MARINE CORPS AIR-GROUND TECHNOLOGY	13,710	17,628	15,081	15,628	-2,000	+547
COMMAND,CONTROL & COMMUNICATIONS TECHNOLOGY	23,415	20,242	20,242	19,242	-1,000	-1,000
MISSION SUPPORT TECHNOLOGY	-2,077	34,238	34,238	34,238	---	---
SYSTEMS SUPPORT TECHNOLOGY	-3,693	65,799	61,799	65,799	---	+4,000
ASW TECHNOLOGY	-4,682	90,060	80,000	90,060	---	+10,060
MINE & SPECIAL WARFARE	-665	14,038	14,038	14,038	---	---
SUBMARINE TECHNOLOGY	-794	12,441	12,441	12,441	---	---
NUCLEAR PROPULSION	46,350	43,876	33,000	43,876	---	+10,876
OCEAN & ATMOSPHERIC SUPPORT TECHNOLOGY	25,726	25,354	25,354	25,354	---	---
INDEPENDENT EXPLORATORY DEVELOPMENT	13,709	14,717	14,717	14,717	---	---
TOTAL, TECHNOLOGY BASE	786,296	851,048	770,137	812,128	-38,920	+41,991
ADVANCE TECHNOLOGY DEVELOPMENT						
AVIONICS	1,655	3,858	3,858	3,858	---	---
ADV AIRCRAFT PROPULSION SYS	2,837	6,638	6,638	4,052	-2,586	-2,586
ADV A/C SUB SYSTEMS	4,440	7,944	5,978	6,248	-1,696	+270
NATIONAL AEROSPACE PLANE	---	25,527	---	---	-25,527	---
ERASE SYS TECH	9,609	6,486	8,986	6,486	---	-2,500
SHIP PROPULSION SYSTEM	29,010	22,474	---	15,000	-7,474	+15,000
ADV COMP TECH	9,972	---	---	---	---	---
SUBMARINE HULL ARRAY DEV (ADV)	7,795	8,891	8,891	8,891	---	---
ELECTRIC DRIVE	9,236	9,816	9,816	9,816	---	---
HUMAN FACTORS ENG (HFE)	2,002	3,964	2,000	2,964	-1,000	+964
MEDICAL DEVELOPMENT	12,040	16,700	10,535	16,700	---	+6,165
MNPWR & PERSONNEL SYS	3,404	6,658	2,600	3,599	-3,059	+999
GENERIC LOGISTICS R&D TECH DEMO	4,727	21,236	10,000	20,000	-1,236	+10,000
EDUCATION AND TRAINING	2,839	6,536	6,536	4,536	-2,000	-2,000
ADV MANPWR TRNG SYS	2,773	1,837	1,837	1,837	---	---
SIMU & TRAINING DEVICES	7,573	8,218	8,218	8,218	---	---
NAVY LOGISTICS PRODUCTIVITY	759	934	---	934	---	+934
ADV ASW TECH	---	25,063	25,063	20,000	-5,063	-5,063
ADV TECH TRANSITION	---	13,492	13,492	4,943	-8,549	-8,549
TOTAL, ADVANCE TECHNOLOGY DEVELOPMENT	110,671	196,272	124,448	138,082	-58,190	+13,634
STRATEGIC PROGRAMS						
TACT SPACE OPERATIONS	13,238	22,506	16,000	20,000	-2,506	+4,000
SSBN SURVIVABILITY	---	2,703	2,703	---	-2,703	-2,703
SATELLITE LASER COMM	---	5,875	35,875	5,875	---	-30,000
TRIDENT II	2,001,564	1,632,866	1,500,000	1,595,000	-37,866	+95,000
STRAT TECH SUPPORT	3,707	3,914	3,914	3,914	---	---

[In thousands of dollars]

	1986 adjusted amount (1)	1987 budget estimate (2)	House allowance (3)	Committee recommendation (4)	Senate compared to—	
					Budget estimate (5)	House allowance (6)
FLT BALLSTC MIS SYS	32,416	40,222	25,000	40,222	---	+15,222
SSBN SEC TECH PROG	36,485	54,739	50,000	54,739	---	+4,739
TRIDENT	36,110	51,783	41,000	51,783	---	+10,783
EXTRME LOW FREQ COMM	26,741	18,296	8,000	18,296	---	+10,296
NAVY STRATEGIC COMM	123,810	143,282	84,654	135,116	-8,166	+50,462
NAVY STRATEGIC COMM (BY TRANSFER)	---	---	(13,778)	---	---	(-13,778)
NAV SPASUR	902	1,563	900	1,563	---	+663
MEECN	1,527	1,687	1,687	1,687	---	---
WIS MODERNIZATION	14,185	21,610	7,177	21,610	---	+14,433
TOTAL, STRATEGIC PROGRAMS	2,290,685	2,001,046	1,776,910	1,949,805	-51,241	+172,895
TACTICAL PROGRAMS						
INTEGRATED A/C AVIONICS	---	22,484	22,484	22,484	---	---
ELECT W/F ADV. DEV.	58,583	39,294	---	39,294	---	+39,294
AIR/OCEAN TACT. APPLIC	6,383	7,522	6,550	7,522	---	+972
T-45/TS	114,128	134,163	115,163	134,163	---	+19,000
AIRBRNE LIFE SUPT SYS	1,302	4,377	4,100	3,377	-1,000	-723
CV ASW MODULE	4,042	4,255	4,255	4,255	---	---
AIRCRAFT SYSTEMS	5,572	5,547	---	5,547	---	+5,547
AIR ASW	4,526	9,131	5,631	7,131	-2,000	+1,500
JVX	549,694	---	---	---	---	---
A-6F	232,052	143,256	130,000	143,256	---	+13,256
ABN MINE CNTRMEASURES	13,462	11,565	11,565	11,565	---	---
TAC AIR RECONN	2,257	18,042	14,042	18,042	---	+4,000
ACFT SURVIV/VULNERABLTY	14,082	19,054	15,000	16,054	-3,000	+1,054
RETRACT YELLOW	5,000	---	---	---	---	---
NAVAL AIRSHIP	---	9,834	---	5,000	-4,834	+5,000
ADV. AIR-TO-SURF MSL	---	42,409	11,700	31,700	-10,709	+20,000
GENERAL REDUCTION	---	---	-11,700	---	---	+11,700
IRR MAVERICK	---	245	---	245	---	+245
ADV AIR-AIR SURF-AIR MSL	23,636	79,728	---	70,000	-9,728	+70,000
LOW COST ANTI-RADIATION SEEKER	16,571	14,704	39,704	9,704	-5,000	-30,000
SUB ASW STANDOFF WPN	71,244	---	---	---	---	---
BGAAWC	7,579	13,746	7,000	13,746	---	+6,746
SURFACE MCM	23,685	22,678	17,678	14,678	-8,000	-3,000
SUB SONAR DEV	11,905	11,109	11,109	11,109	---	---
SURF-SHIP TORPEDO DEFNS	38,223	36,908	19,808	13,708	-23,200	-6,100
SHIPBRD SYS COMPNT DEV	14,600	14,917	14,917	14,917	---	---
SHIPBRD DAMAGE CONTROL	22,329	41,861	26,626	31,861	-10,000	+5,235
SUB ARCTIC WF/SPT EQUIP PROG	9,233	2,946	2,946	2,946	---	---
PILOT FISH	88,836	75,248	75,248	75,248	---	---
NONACOUSTIC ASW	20,925	26,139	23,139	26,139	---	+3,000
ADV ASW TARGET	8,901	10,282	10,282	10,282	---	---
SHIP SYS ENGR STDS	1,853	---	---	---	---	---
RETRACT JUNIPER	24,213	28,935	27,455	28,935	---	+1,480
RADIOLOGICAL CONTROL	2,079	2,592	---	2,592	---	+2,592
LINK DOGWOOD	24,815	3,931	1,000	3,931	---	+2,931
SURFACE ASW	16,736	23,168	11,584	23,168	---	+11,584
ADV SUB SYS DEVELOPMENT	160,759	---	---	---	---	---
SUB TAC WARFARE SYS	21,909	10,689	10,689	10,689	---	---
SHIP DEVELOPMENT	12,917	21,606	14,000	18,687	-2,919	+4,687
SURFACE SHIP NAVSYS	945	6,675	---	5,000	-1,675	+5,000
ATTACK SUBMARINE DEV	31,420	3,931	---	3,931	---	+3,931
ADV NUC REACTOR COMP SYS DEV	113,616	96,037	96,037	96,037	---	---
PHYSICAL SECURITY	3,502	7,686	6,386	5,722	-1,964	-664
CHALK EAGLE	65,029	79,351	79,351	79,351	---	---
A4W/A1G NUC PROP PLANT	3,145	3,410	3,410	3,410	---	---
COMBAT SYS INTEGRATION	21,184	24,051	---	24,051	---	+24,051
DDG-51	89,000	---	---	---	---	---
JOINT ADVANCED SYSTEMS	---	78,680	---	132,446	+53,766	+132,446
MINE DEVELOPMENT	4,222	14,836	14,836	14,836	---	---
CHALK PINE	---	43,711	43,711	---	-43,711	-43,711
CONVENTIONAL MUNITIONS	20,803	40,882	35,000	30,882	-10,000	-4,118
ALWT (ADV)	---	7,434	---	---	-7,434	---
MC ASSAULT VEHICLES	9,839	11,005	11,005	11,005	---	---
TAC NUCLEAR WEAPON DEV	7,876	15,151	7,651	8,000	-7,151	+349
MC GRD COMBAT/SPT SYS	12,413	18,249	15,249	15,570	-2,679	+321
JT SERV EXPL ORDN DEV	8,712	14,791	14,791	14,291	-500	-500
OCEAN ENG SYS DEV	1,306	1,417	1,417	1,417	---	---

[In thousands of dollars]

	1986 adjusted amount (1)	1987 budget estimate (2)	House allowance (3)	Committee recommendation (4)	Senate compared to—	
					Budget estimate (5)	House allowance (6)
ASW OCEANOGRAPHY	5,761	7,065	7,065	7,065	---	---
NAVAL OCEANOGRAPHY	---	---	---	3,000	+3,000	+3,000
ASW SIGNAL PROCESSING	14,774	17,988	17,988	17,988	---	---
ADV MARINE BIO SYSTEM	5,182	5,385	5,385	5,385	---	---
FLEET TAC D&E PROGRAM	1,891	4,649	4,649	4,149	-500	-500
OCEAN ENG TECH DEV	12,369	16,373	14,224	16,373	---	+2,149
COMMAND AND CONTROL SYS	28,831	36,525	31,525	35,525	-1,000	+4,000
CONTAINER OFFLD/TRNSFR SYS	1,432	5,602	---	5,602	---	+5,602
NAVAL SPECIAL WARFARE	9,187	15,637	15,637	13,321	-2,316	-2,316
NAVY ENERGY PROGRAM	17,577	16,833	16,053	16,833	---	+780
FACILITIES IMPROVEMENT	6,883	9,476	9,476	8,476	-1,000	-1,000
MERSHIP NAV AUX PROG	5,718	6,014	3,014	---	-6,014	-3,014
COMBAT SERVICES SUP (ADV)	8,846	15,857	15,857	13,857	-2,000	-2,000
MC INTEL/ELC WAR SYS	66	---	---	---	---	---
CHALK CORAL	2,704	14,694	14,694	14,694	---	---
LINK HAZEL	22,305	37,566	37,566	17,566	-20,000	-20,000
LINK LAUREL	33,416	47,088	5,488	42,088	-5,000	+36,600
ARIADNE	2,066	11,240	8,240	9,240	-2,000	+1,000
LINK SPRUCE	33,090	94,272	---	70,000	-24,272	+70,000
RETRACT MAPLE	9,215	20,782	20,782	20,782	---	---
NCCS SE&I	6,790	12,599	6,300	10,599	-2,000	+4,299
ASW SURVEILLANCE	16,509	25,982	25,982	22,982	-3,000	-3,000
ASW ENVIRONMENTAL ACOUSTIC SPT	14,822	12,764	12,764	12,764	---	---
SPECIAL PROCESSES	46,829	41,466	41,466	41,466	---	---
STANDARD AVIONICS DEVELOPMENT	14,164	19,432	2,740	19,432	---	+16,692
IFF SYS DEV	16,542	23,449	23,449	23,449	---	---
LAMPS	13,333	19,712	19,712	3,994	-15,718	-15,718
HELO DEV	7,478	11,084	11,084	6,465	-4,619	-4,619
AV-8B AIRCRAFT (ENG)	66,000	48,639	64,639	48,639	---	-16,000
SUPPORT EQUIP	15,549	32,492	32,492	22,492	-10,000	-10,000
S-3 WEAPONS SYS IMPRVMNT	15,105	15,644	15,644	---	-15,644	-15,644
AIR OCEAN EQUIP ENG	2,334	3,294	3,294	3,294	---	---
AIRBORNE ASW DEV	5,803	2,266	2,266	2,266	---	---
ACFT IR SIGNATURE SUPPR	1,891	---	---	---	---	---
P-3 MODERNIZATION PROG	35,193	96,877	77,210	77,200	-19,677	-10
ABN EW ENG	59,237	55,973	---	55,973	---	+55,973
ASPJ	19,865	19,947	---	19,947	---	+19,947
CV IZ ASW HELO	12,046	8,062	2,800	8,062	---	+5,262
A/C PROPULSION (ENG)	44,866	27,500	27,500	25,143	-2,357	-2,357
EW SIMULATOR DEVELOPMENT	34,076	51,896	---	41,896	-10,000	+41,896
C/MH-53E	2,181	3,464	1,611	3,464	---	+1,853
ACOUSTIC SRCH SENSORS (ENG)	28,985	56,761	36,819	36,819	-19,942	---
V-22	---	386,871	340,000	430,871	+44,000	+90,871
AVIATION LIFE SPT SYS	26,004	29,705	29,705	29,705	---	---
ACFT ENGINE COMPNT IMP	62,321	65,183	60,000	48,887	-16,296	-11,113
MK-92 FCS UPGRADE	12,608	7,808	7,808	---	-7,808	-7,808
GENERAL REDUCTION	---	---	-7,808	---	---	+7,808
AEGIS AREA AIR DEF	10,500	4,312	4,312	4,312	---	---
AEGIS WPN SYS IMP	28,356	134,939	110,000	129,939	-5,000	+19,939
LINK ASH	13,073	8,846	8,846	8,846	---	---
SEA LANCE	---	118,416	115,000	118,416	---	+3,416
AMRAAM	4,738	19,022	19,022	10,000	-9,022	-9,022
VERTICAL LAUNCHING SYS	27,976	20,388	20,388	20,388	---	---
AIR/AIR MSL SYS ENGR	12,805	27,906	24,760	27,906	---	+3,146
VLS ASROC	35,203	41,669	41,669	41,669	---	---
CLOSE-IN WPN (PHALANX)	4,511	7,493	7,493	6,000	-1,493	-1,493
NATO SEA SPARROW	2,912	7,745	---	5,745	-2,000	+5,745
SM-2 (N)	2,847	9,229	---	---	-9,229	---
STNDRD MISSILE IMPRVMNTS	44,650	45,988	45,988	45,988	---	---
TOMAHAWK	59,617	68,368	68,368	66,368	-2,000	-2,000
5 IN. ROLLING AIR FRM MSLE	10,351	24,210	---	24,210	---	+24,210
SSN-688 CLASS VLS	24,690	18,344	5,894	18,344	---	+12,450
NEW THREAT UPGRADE	51,093	50,899	50,899	50,899	---	---
SUBMARINE COMMUNICATIONS	4,184	25,979	7,377	20,979	-5,000	+13,602
SUBMARINE SONAR DEV	38,176	52,716	52,716	52,716	---	---
AIR CONTROL ENG	19,255	9,207	9,207	9,207	---	---
CW COUNTERMEASURES	5,747	7,799	7,799	7,799	---	---
EMSP	90,403	100,345	96,345	95,345	-5,000	-1,000
RADAR SURVEILLANCE EQUIP	5,985	9,321	9,321	7,821	-1,500	-1,500
INTELLIGENCE SYSTEMS	852	---	---	---	---	---
SUB SPT EQUIP PROG	13,003	32,265	17,265	24,265	-8,000	+7,000
SHIP SURVIVABILITY	5,583	9,194	9,194	7,194	-2,000	-2,000

[In thousands of dollars]

	1986 adjusted amount (1)	1987 budget estimate (2)	House allowance (3)	Committee recommendation (4)	Senate compared to—	
					Budget estimate (5)	House allowance (6)
CMBT INFO CNTR CONVERSN	27,610	36,727	36,727	36,727	---	---
SUBMARINE HULL ARRAY DEV	12,482	---	---	---	---	---
SUB COMBAT SYSTEMS	189,114	316,649	284,949	266,649	-50,000	-18,300
SSN-21 DEVELOPMENT	---	256,668	240,000	256,668	---	+16,668
SUB TACT WARFARE SYS	35,803	47,101	31,101	42,101	-5,000	+11,000
SUB TACT WARFARE SYS (BY TRANSFER)	---	---	(700)	---	---	(-700)
PHYSICAL SECURITY (ENG)	3,420	9,015	9,015	5,271	-3,744	-3,744
SHIP SUBSYS DEV/LBTS	103,141	18,822	84,242	18,822	---	-65,420
NATO SEA GNAT	2,159	---	---	---	---	---
SHIPBD ELEC WARFR IMPRV	60,396	51,932	---	51,932	---	+51,932
STD EMBEDDED COMPUTER RSRCS	8,669	32,469	---	28,469	-4,000	+28,469
SQS-53C	35,734	26,514	26,514	26,514	---	---
LINK BIRCH	3,855	3,927	3,927	3,927	---	---
MINE DEVELOPMENT	8,873	13,740	13,740	13,740	---	---
NAVAL GUNNERY IMPROVEMENT	9,343	17,428	12,000	9,710	-7,718	-2,290
UNGUID CONVL AIRLNCH WEP	4,426	5,626	4,011	4,011	-1,615	---
CHEM WARFARE WEAPONS	5,706	4,000	4,000	4,000	---	---
SAL GP/EO SENS DEV	42,606	21,156	---	16,232	-4,924	+16,232
BOMB-FUZE IMPR	5,365	14,711	14,711	9,834	-4,877	-4,877
MK-50 TORP (ALWT)	149,687	148,825	188,825	148,825	---	-40,000
JT SERV EOD DEV (ENG)	4,165	5,420	5,420	5,420	---	---
MC ASSAULT VEHCLE	15,885	---	---	---	---	---
MC GRND CMBT/SPT ARMS	6,794	12,541	2,034	3,746	-8,795	+1,712
MC GRND CMBT/SPT ARMS (BY TRANSFER)	---	---	(2,700)	---	---	(-2,700)
MK 48 ADCAP (ENG)	60,053	37,895	37,895	37,895	---	---
ASW OCEANOGRAPHIC EQUIP	478	1,162	1,162	1,162	---	---
CHALK BANYAN	5,508	16,600	21,600	16,600	---	-5,000
THEATER MISSION PLAN CTR	---	22,275	22,275	22,275	---	---
INITIAL TRAINERS ACQUISITION	---	84,621	---	70,000	-14,621	+70,000
NAVY ENERGY PROGRAM	9,265	9,044	8,794	9,044	---	+250
NCCS ASHORE NODES	46,511	53,029	53,029	43,029	-10,000	-10,000
SURF ASW SYS IMP	9,566	36,860	18,430	---	-36,860	-18,430
AIR W/F TRNG DEV	---	1,964	1,964	---	-1,964	-1,964
SURFACE W/F TRNG DEV	22,004	28,631	28,631	25,631	-3,000	-3,000
COMBAT SERVICES SPT	3,439	5,465	5,465	4,965	-500	-500
MC INTEL/ELEC WAR SYS	13,387	9,546	7,837	9,546	---	+1,709
MC CMD/CNTRL/COMM SYS	18,177	16,005	4,137	16,005	---	+11,868
REGIONAL TAC SURV	53,157	40,971	---	40,971	---	+40,971
INTELLIGENCE (ENG)	9,482	6,460	6,460	6,460	---	---
MEDICAL DEV (ENG)	1,305	2,997	2,997	2,497	-500	-500
JT INTEROP TAC CMD/CNTRL	2,149	3,586	3,586	3,586	---	---
JT INTEROP TAC CMD/CNTRL MC	1,577	3,471	3,471	2,971	-500	-500
FLEET TAC DEV/EVAL	13,319	16,590	16,590	16,590	---	---
ELECTROMAGN SPECTRUM MGT	2,660	5,873	2,937	5,873	---	+2,936
MNGMNT AND TECH SPT	7,634	14,296	8,400	13,296	-1,000	+4,896
C2 SURV RECON SUP	3,762	5,342	5,058	5,342	---	+284
MC TAC EXPLOIT NAT CAP	392	849	849	849	---	---
A-6 SQUADRONS	17,278	13,820	4,077	10,077	-3,743	+6,000
F/A-18 SQUADRONS	55,131	59,093	35,000	59,093	---	+24,093
ERLY WRNG ACFT SQDRNS	22,380	34,454	34,454	34,454	---	---
AVIATION SPT CVW	1,689	2,221	2,221	1,000	-1,221	-1,221
FLEET TCC (TAC)	38,895	63,733	44,898	60,000	-3,733	+15,102
UNDERSEA SURVEIL SYS	22,696	34,198	34,198	34,198	---	---
SURTASS	2,077	5,833	5,833	5,833	---	---
SPECIAL PROJECTS	16,073	10,500	10,500	8,684	-1,816	-1,816
COVER AND DECEPTION PROG	24,259	15,066	15,066	15,066	---	---
EW READINESS SUPPORT	8,215	4,421	---	4,421	---	+4,421
COUNTER C3 DEV	21,345	23,952	---	22,952	-1,000	+22,952
HARM IMPROVEMENTS	2,492	3,931	---	3,931	---	+3,931
TACTICAL INFO SYS	---	48,071	15,000	48,071	---	+33,071
ASW CMBT SYS INTEGRATION	11,704	17,409	10,000	17,409	---	+7,409
ACFT EQ RELIABLTY/MAINT PROG	7,440	8,846	2,057	8,846	---	+6,789
SUB SILENCING	29,917	---	---	---	---	---
LAB FLEET SUPPORT	5,823	6,056	6,056	6,056	---	---
F-14 UPGRADE	348,065	268,421	240,000	260,421	-8,000	+20,421
TAC INTELL PROCESSING	1,377	2,160	2,160	2,160	---	---
EW COUNTER RESPONSE	78,097	69,708	---	50,293	-19,415	+50,293
OPERATIONAL REACTOR DEV	12,025	18,872	18,872	18,872	---	---
MAR CORPS TELECOM	3,391	11,644	7,000	9,000	-2,644	+2,000
MC GRD COMBAT/SUP ARMS SYS	39,519	67,934	60,865	63,458	-4,476	+2,593
MC COMBAT SERVICES SPT	1,370	2,548	2,548	2,548	---	---
MC INTEL/ELEC WAR SYS	1,100	24,822	18,822	24,822	---	+6,000

[In thousands of dollars]

	1986 adjusted amount (1)	1987 budget estimate (2)	House allowance (3)	Committee recom-mendation (4)	Senate compared to— Budget estimate (5)	Senate compared to— House allowance (6)
MC CMD/CNTL/COMM SYS	36,932	39,925	26,169	32,188	-7,737	+6,019
MC TECH SUPP C/C SYS	3,871	7,471	7,471	4,406	-3,065	-3,065
TRI TAC MC	8,509	6,959	6,959	5,959	-1,000	-1,000
NAVAL OCEANOGRAPHY	5,900	---	---	---	---	---
WHITEHALL QUICK REACTION SURV SYS	20,000	---	---	---	---	---
WALLOPS ISLAND TEST RANGE	4,000	---	---	---	---	---
SKIPPER/PRACTICE BOMB	10,000	---	---	---	---	---
GENERAL REDUCTION, EW PROGRAMS	-15,000	---	---	---	---	---
TAIL CONTROL SPARROW	5,000	---	---	---	---	---
GUIDED PROJECTILE	2,500	---	---	---	---	---
GENERAL REDUCTION	---	---	-170,000	---	---	+170,000
TOTAL, TACTICAL PROGRAMS	5,218,525	6,035,049	4,430,811	5,521,436	-513,613	+1,090,625
INTELLIGENCE & COMMUNICATIONS						
ADV NAVIGATION DEVEL	1,457	---	---	---	---	---
NAVIGATION SYSTEMS	870	641	641	641	---	---
EHF SATCOM	37,561	53,141	53,141	43,141	-10,000	-10,000
NAVSTAR GPS	58,721	76,513	76,513	76,513	---	---
C2 SYS PLANNING/ENGR SPT	5,176	---	---	---	---	---
SATELLITE COMM	17,011	11,753	11,753	8,753	-3,000	-3,000
MILSTAR JOINT PROJ OFC TERMINAL	4,195	4,198	4,198	4,198	---	---
CLASSIFIED PROGRAMS	426,905	548,784	554,234	505,534	-43,250	-48,700
TOTAL, INTELLIGENCE & COMMUNICATIONS	553,896	695,030	700,480	638,780	-56,250	-61,700
DEFENSEWIDE MISSION SUPPORT						
ENVIRONMENTAL PROTECT	7,898	8,720	7,720	8,720	---	+1,000
NATO COOPERATIVE	23,775	49,091	---	25,000	-24,091	+25,000
RANGE INSTRMNTATN SYS DEV	7,751	11,347	11,347	11,347	---	---
TARGET SYS DEV	93,722	111,690	90,000	100,000	-11,690	+10,000
PERS TRNG, SIMULATION & HUMAN FACTORS	1,683	6,823	3,575	5,823	-1,000	+2,248
STUDIES ANALYSIS SPT--MC	1,688	1,811	1,811	1,811	---	---
STUDIES ANALYS SPT--NAVY	3,338	8,031	3,785	7,531	-500	+3,746
MC OPS ANALYS GP-CNA	3,511	4,068	4,068	4,068	---	---
CNTR FOR NAV ANALYSIS	16,545	18,603	18,603	18,603	---	---
MC OPERATNL TEST/EVAL	2,191	1,751	1,751	1,751	---	---
TECH INFO SERVICES	2,122	2,543	2,543	2,543	---	---
AUTEC	40,839	---	---	---	---	---
DEVEL CENTER SUPPORT	3,742	5,300	5,300	5,300	---	---
INTERNATIONAL RDT/E	1,682	3,687	1,000	---	-3,687	-1,000
MOBILE SEA RANGE	5,011	---	---	---	---	---
RDTE LAB/FAC MGT SPT	54,617	54,974	50,000	54,974	---	+4,974
RDTE INSTRUMNTN/MAT SPT	18,290	19,789	19,789	19,789	---	---
RDTE SHIP/AIRCFT SPT	74,113	81,335	76,088	77,335	-4,000	+1,247
TEST/EVAL SPT	276,378	330,580	305,000	317,580	-13,000	+12,580
OPER TEST/EVAL CAPABLTY	6,160	6,853	6,853	6,853	---	---
WEATHER SERVICE	1,083	1,000	1,000	1,000	---	---
DEF METEOR SATEL PROG	43,473	49,040	39,040	49,040	---	+10,000
MANUFACTURING TECHNOLOGY	49,207	31,319	31,319	31,319	---	---
TOTAL, DEFENSEWIDE MISSION SUPPORT	738,819	808,355	680,592	750,387	-57,968	+69,795
CONVENTIONAL DEFENSE INITIATIVES						
NATO COOPERATIVE	---	---	30,000	---	---	-30,000
SMALL ROTARY ENGINE, RPV	---	---	1,000	---	---	-1,000
TOTAL, CONVENTIONAL DEFENSE INITIATIVES	---	---	31,000	---	---	-31,000
GENERAL REDUCTION	-97,500	---	-10,000	---	---	+10,000
RESTORATION OF CIVILIAN PAY REDUCTION	1,650	---	---	---	---	---
GENERAL REDUCTION CONSULTANTS/STUDIES ANALYSIS	-20,000	---	---	-10,504	-10,504	-10,504
INFLATION ESTIMATES FOR FY 1986	-11,000	---	---	---	---	---
INTEGRATED PLATFORM COMM DEVEL	---	---	69,021	---	---	-69,021

[In thousands of dollars]

	1986 adjusted amount (1)	1987 budget estimate (2)	House allowance (3)	Committee recommendation (4)	Senate compared to— Budget estimate (5)	Senate compared to— House allowance (6)
PRIOR YEAR FUEL SAVINGS	---	---	-72	---	---	+72
PRIOR YEAR FUEL SAVINGS (BY TRANSFER)	---	---	(72)	---	---	(-72)
FY 87 FUEL SAVINGS	---	---	-800	---	---	+800
COOPERATIVE DOD/VA MEDICAL RESEARCH	---	---	10,000	---	---	-10,000
FLOATING BEAM AVIONICS RACK	---	---	10,000	---	---	-10,000
V-22 ENGINE TECH	---	---	40,000	---	---	-40,000
RACER	---	---	8,260	---	---	-8,200
RACER (PRIOR YEAR TRANSFER)	---	---	(11,800)	---	---	(-11,800)
RDT&E PROFIT POLICY ADJUSTMENT	---	---	---	-44,540	-44,540	-44,540
FY 87 INFLATION REPRICING	---	---	---	-182,900	-182,900	-182,900
TOTAL, RESEARCH DEVELOPMENT TEST + EVAL, NAVY	9,572,042	10,586,800	8,640,727	9,572,674	-1,014,126	+931,947
TRANSFER FROM OTHER ACCOUNTS	---	---	(29,050)	---	---	(-29,050)
TOTAL FUNDING AVAILABLE	9,572,042	10,586,800	8,669,777	9,572,674	-1,014,126	+902,897

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, AIR FORCE

1986 appropriation	$13,718,208,000
1986 adjusted	13,046,016,000
1987 budget estimate	17,275,400,000
House allowance	14,190,262,000
Committee recommendation	14,702,976,000

The Committee recommends an appropriation of $14,702,976,000, a reduction of $2,572,424,000 to the budget request. The Committee recommendation is $512,714,000 above the House allowance.

[In thousands of dollars]

	Budget estimate	House allowance	Committee recommendation	Change from budget
Technology base	848,270	779,702	772,490	-75,780
Advanced technology development	783,997	487,793	706,284	-77,713
Strategic programs	7,076,605	5,890,168	5,841,402	-1,235,203
Tactical programs	3,904,505	2,784,633	3,306,042	-598,463
Intelligence and communications	2,540,741	2,501,641	2,547,555	+6,814
Defensewide mission support	2,121,282	1,745,525	1,920,403	-200,879
Conventional defense initiative		30,000		
Consultants			-34,090	-34,090
Prior year/fiscal year 1987 fuel savings		-29,200		
Cooperative DOD/VA med res		15,000		
Fiscal year 1987 inflation repricing			-288,600	-288,600
General reductions		-15,000		
RDT&E profit policy adjustment			-68,510	-68,510

The budget activities and programs funded under this appropriation are discussed below.

TECHNOLOGY BASE

The recommended program includes $772,490,000 for technology base. This activity funds basic research and exploratory development, with the goal of increasing scientific knowledge to maintain U.S. technological superiority, avoid technological surprises and lead to the acquisition of more cost-effective weapons systems.

The Committee recommends the following changes in the budget estimates.

Defense research sciences.—The Committee recommends an appropriation of $199,584,000 for defense research sciences, a reduction of $13,003,000 to the budget request, in agreement with the House allowance. The Air Force budget for the fiscal year 1987 basic research program was more than 9 percent above the post-Gramm-Rudman-Hollings fiscal year 1986 level of effort. This reduction of $13,000,000 will still permit a more modest 3-percent increase.

Other technology base adjustments.—The fiscal year 1987 budget request included increases for a number of programs that exceeded by unjustifiably large percentages the amounts provided in fiscal year 1986, or lacked sufficient program explanation. The Committee, accordingly, recommends $75,780,000 in program adjustments to the Air Force technology base.

ADVANCED TECHNOLOGY DEVELOPMENT

The recommended program includes $706,284,000 for advanced technology development. This budget activity funds alternatives and concepts prior to the engineering development of specific weapons systems. The request includes funding for aircraft propulsion and electronics technology, very high speed integrated circuits, air warfare detection acquisition and weapon technology, personnel technology, information processing and flight simulator technology, and other related activities.

The Committee recommends the following changes in the budget estimate:

Logistic requirements R&D.—The Committee recommends an appropriation of $14,061,000 for logistics R&D requirements, a reduction of $5,000,000 to the budget request and $3,061,000 above the House allowance of $11,000,000. The Air Force doubled its logistics R&D budget over last year's level of effort. The largest increase in the program is for the IMIS project—integrated maintenance information system. While the Air Force adequately describes the program, its justification for requesting a sevenfold increase in funding over fiscal year 1986 is lacking.

The Committee's recommendation will still give IMIS three times its fiscal year 1986 level of funding.

National aerospace plane [NASP].—The Committee recommends denial of the Air Force portion of the national aerospace plane program, deleting $33,490,000 from the budget request. The Committee's recommendation for NASP is discussed further in the Defense Agencies section of the report.

Electro-optical warfare (electronic combat technology).—The Committee recommends an appropriation of $48,363,000 for electro-optical warfare, a reduction of $5,000,000 to the budget request. The House denied funding for this program, as part of an initiative to consolidate Navy and Air Force electronic warfare funds in RDT&E, Defense Agencies. This year's E-O Warfare Program increased from the post-Gramm-Rudman-Hollings base of $15,032,000 in fiscal year 1986 to $53,363,000. Research and development in this area supports a wide range of component, techniques, and subsystems developments designed to improve the ability of the Air Force to penetrate enemy air defenses.

While the Committee views the program as of high priority to the tactical air force, it does not believe that the fiscal year 1987 program has been fully justified. It recommends a small $5,000,000 reduction, which will still provide for a large increase over the fiscal year 1986 baseline program.

Forecast II technologies and programs.—The Committee recommends a reduction of $8,000,000 to the Air Force Forecast II technologies and programs request. The Air Force has initiated a major new effort, called Forecast II, which will examine new, emerging technologies and weapons systems that could help provide rapid payoff in the development of weapons systems by the U.S. Air Force.

The Committee recommends holding the growth in Forecast II programs to a lower level in fiscal year 1987, with the expectation that the effort in this area will be permitted to expand in future years. The Committee encourages the Air Force to closely coordinate the Forecast II project with DARPA, to ensure that there is no duplication of effort between the two on emerging technologies programs.

Other adjustments.—The fiscal year 1987 budget request included increases for a number of Air Force advanced development programs that exceeded by unjustifiably large percentages the amounts provided in fiscal year 1986, or lacked sufficient explanation. The Committee, accordingly, recommends the following adjustments:

[In thousands of dollars]

	Budget request	Recommendation	Reduction
Advanced avionics for aircraft	49,835	47,835	-2,000
Flt vehicle technology	27,557	25,557	-2,000
Aerospace structures/materials	31,512	30,000	-1,512
Aviation turbine fuel technology	10,432	6,675	-3,757
Weapon systems power	3,544	2,544	-1,000
Crew systems technology	15,905	14,699	-1,206
Advanced fighter integ demo	30,679	26,679	-4,000
Lincoln Laboratory	26.524	25,524	-1,000
Space and missile rocket propulsion	12,911	10,455	-2,456
Advanced spacecraft technology	14,373	12,373	-2,000
Conventional weapons	30,903	27,903	-3,000
Advanced computer technology	10,491	9,491	-1,000
Command/control/communication advance development	22,963	21,963	-1,000

STRATEGIC PROGRAMS

The recommended program includes $5,841,402,000 for strategic programs. This budget activity provides for all research and development on Air Force strategic offensive, defensive, and command, communications, and control programs. The development of these systems will provide a survivable land-based intercontinental ballistic missile retaliatory capability, modernization of the strategic bomber force and survivable strategic communications.

The Committee recommends the following changes and recommendations to the budget estimate:

Space defense systems.—The Committee recommends an appropriation of $202,957,000 for space defense systems, a reduction of $75,000,000 to the budget request and $62,957,000 above the House allowance. The space defense systems program funds developmental and test activities on the U.S. antisatellite missile system.

Last year the Air Force restructured the antisatellite program to incorporate a $500,000,000 production verification effort on the system to improve the reliability and maintainability of the ASAT missile and to design and test support equipment needed for to improve its suitability for operational use. The Air Force proposed adding $158,000,000 to the fiscal year 1987 budget request to augment the production verification program.

In concert with the initiation of the production verification program, the Air Force proposed to restart the flight test program against objects in space. The fiscal year 1986 Defense Appropriations Act includes a prohibition on flight testing the ASAT missile system against objects in space. The President's 1987 budget proposes to lift the ASAT testing ban. A total of three ASAT missiles are proposed for launch against ITV's (instrumented test vehicles) in fiscal year 1987.

The Committee strongly supports the initiation of the ASAT production verification program and the restart of the flight test portion of the program in fiscal year 1987. The Committee interprets last year's moratorium on ASAT testing as a temporary suspension in the ASAT flight test effort. In the view of the Committee, it simply makes no sense to initiate a $500,000,000 production verification program for the ASAT missile system if that system cannot be tested to verify the reliability of that weapon for potential future deployment just as is done with every other major weapons system developed, procured, and deployed by the United States.

If the moratorium were to remain in effect, at least $10,000,000 to $15,000,000 per month will be required just to keep the experienced and trained ASAT development and engineering team together. A continued moratorium would be extremely expensive and provide no meaningful verification of the ASAT missile system's reliability and performance throughout the complete requirements spectrum. Further delay will force a major reevaluation of the production verification program as currently planned—which in all probability would contribute to further cost increases on the entire ASAT program.

For these reasons the Committee recommends that ASAT development be funded at a level consistent with initiation of the production verification portion of the program, and that the moratorium on flight testing be lifted. A reduction of $75,000,000 has been made to the ASAT R&D program based on repricing of Senate authorization assumptions to slow the production verification effort.

Advanced strategic missile systems.—The Committee recommends an appropriation of $171,915,000 for advanced strategic missile systems [ASMS], a reduction of $5,000,000 to the budget, and $46,915,000 above the House allowance. ASMS is the only program within the Department of Defense which funds advanced technology work on ICBM systems and subsystems such as penetration aids, reentry vehicles, maneuvering reentry vehicles [MaRV's] and defense suppression technologies. A strong research and advanced technology program in this field provides a hedge against expanded Soviet ballistic missile activity.

The Committee notes that $36,000,000 is budgeted for the evader MaRV program within the ASMS budget. This program incorporates technology development on a prototype evader maneuvering reentry vehicle with a terminal fix guidance system [TFS] option and penetration aids. Funding levels requested are slightly lower than the current year, although the program will progress through a number of key advanced development milestones in fiscal year 1987 and beyond. The

Committee supports the MaRV program, and encourages an aggressive program for the future.

The Committee is concerned that the Air Force is pursuing too many technology efforts within ASMS at current levels of funding. Pursuit of the current range of efforts within ASMS spreads scarce resources too thinly, forcing programs to be funded at less than optimum levels of effort. Either out-year funding for ASMS should be increased commensurate with requirements or conscious decisions should be made to decrease the number of ongoing technology activities within ASMS in order to permit more rapid progress in the most important technical fields.

The Committee directs the Air Force to submit a report on the 5-year funding profile on the ASMS program—similar to the one submitted in response to the fiscal year 1983 Committee report—no later than April 1, 1987. This report should specify spending estimates by project and clearly delineate the changes made to ASMS levels of funding since the 1983 report.

SRAM II.—The Committee recommends an appropriation of $119,702,000 for the SRAM II, a reduction of $45,000,000 to the budget request, in agreement with Senate authorization assumptions. This year's budget request includes funding to transition the SRAM II into full-scale engineering development. The SRAM II is proposed as a replacement for the existing SRAM, whose inventory is declining. The goal of the SRAM II program is to develop a supersonic short-range attack missile for the B–1B and ATB with far superior speed, range, accuracy, survivability and lethality than the current SRAM. The Air Force proposes to field the SRAM II by 1992.

The Committee believes that a final warhead decision for the SRAM II should await the orderly conclusion of the joint DOE/Air Force phase 1 design definition and cost study, to be completed in February 1987. The Department of Energy and the Air Force are currently defining cost decision factors for the phase 2A study, including DOE costs, systems costs and operational impacts of varying requirements (range, lethality, and safety). The Committee understands that no in-production warhead meets SRAM II requirements, and that modified in-production warheads may not be cost effective or provide the required lethality. Consequently, the Committee does not recommend any restriction on warhead options for the SRAM II at this time.

ICBM MODERNIZATION

The Committee recommends an appropriation of $1,116,798,000 for ICBM modernization, a reduction of $1,000,000,000 to the budget request and $458,700,000 below the House allowance. The ICBM modernization program funds development and flight testing of the MX Peacekeeper missile, development of the small ICBM and research and development activities on alternate basing concepts.

The Committee recommends the following distribution of ICBM modernization funding:

[In thousands of dollars]

	Budget request	Recommendation	Change from budget
MX Peacekeeper	352,298	321,298	-31,000
Small ICBM/hard mobile launcher	1,375,500	675,500	-700,000
Alternate basing technologies	389,000	120,000	-269,000
Total, ICBM modernization	2,116,798	1,116,798	-1,000,000

MX Peacekeeper.—The Committee supports completion of the MX Peacekeeper development and flight testing program. The fiscal year 1987 budget request supports completion of most remaining Peacekeeper R&D activities, as well as the final six R&D flight tests. Also proposed for funding is the development of a competitive second source for the Peacekeeper guidance system IMU (inertial measurement unit).

The Committee notes that the Air Force program request would initiate development of a competitive second source for the MX guidance system IMU, due to the fact that the current contractor had demonstrated unsatisfactory performance during both the development and production phases of the program. A number of risks remain in the IMU program unless a competitive second source is brought along by 1990, according to the Air Force.

The Air Force has characterized the benefits of second sourcing the MX guidance system IMU as: (1) it provides a backup capability for the manufacture of complex hybrids; (2) it creates the opportunity for acquisition of more acceptable IMU hardware; and (3) it provides incentive to the current contractor to maintain contract deliveries which support both IOC and FOC for the Peacekeeper missile system.

While the Committee is normally fully supportive of efforts to second source major weapons systems and sybsystems where economies of scale indicate that competition can achieve savings, it is unclear that this effort will accomplish that goal. The Committee is compelled to note that the argument in favor of second sourcing is predicated on production and deployment of another 50 MX Peacekeeper missiles in a follow-on basing mode. The $80,000,000 investment in developing a second source makes no sense if Peacekeeper deployments stay capped at 50. Moreover, the Committee notes that the Air Force program assumes that the savings required to recoup the initial R&D investment (plus 7 percent cost of money) are very ambitious—a savings of close to 28 percent must be achieved from a 1990 production startup if out-year savings are to break even with the upfront R&D investment in the second source.

The Committee approves $32,000,000 for the development of the second source for the MX guidance system IMU, a reduction of $23,000,000 to the budget request. The reduction is based on information provided by the Air Force that shows that actual fiscal year 1987 costs for the project are less than the funding budgeted in the fiscal year 1987 request, and that the Air Force intended to forward finance the balance of the fiscal year 1987 program into the next fiscal year.

Funds provided for the MX guidance system IMU second source development effort are not to be obligated or expended until the Secretary of the Air Force certifies in writing that the savings needed to break even on the developmental investment in second sourcing can be achieved from a 1990 production startup on the program. Should Peacekeeper deployments not be resumed on a schedule that supports a 1990 competitive production startup on the program, the program should be terminated and transferred to the ASMS program.

Small ICBM.—The Committee recommends an appropriation of $675,500,000 to the small ICBM, a reduction of $700,000,000 to the budget request, but in agreement with Senate authorization assumptions. The House has fully funded the small ICBM budget request. The Committee's action would defer full-scale engineering development on the small ICBM by 1 to 2 years, and delay the IOC and FOC of the program.

The Committee's decision to defer action on approving funds to take the small ICBM to full-scale engineering development is based on the following rationale:

(1) *Ordering strategic priorities and investment.*—While development of a mobile ICBM would make an important addition to U.S. strategic force capabilities, the current budget climate militates against fully funding programs that are mid- to long-term requirements as opposed to near- to mid-term requirements. The small ICBM, with an IOC of late 1992 and FOC of 1999, clearly falls into the category of a mid- to long-term strategic force requirement. This is even more significant given the fact that Congress is asked to approve full-scale engineering development funds for this program in the absence of firm decisions on force size, basing mode, and site selection. Such decisions will not be made until after Congress would be expected to approve funding for initiation of full-scale development—not before.

The decision to take the small ICBM into full-scale engineering development is tantamount to committing to production and deployment of this missile system. The inertia behind a major ballistic missile program and protection of its major milestones makes it unlikely that the program will be changed once it transitions to full-scale development.

The full-scale engineering development program for the small ICBM will take 6 years and cost another $11,000,000,000 between fiscal year 1987 and the completion of all R&D activity in the early 1990's. While the IOC is scheduled for late 1992, small ICBM procurement is scheduled to continue through fiscal year 1997 (assuming a buy of 623). In all likelihood, the small ICBM will be the only ICBM that the United States would develop, procure, and deploy between fiscal year 1987 and fiscal year 1997, unless decisions are made to supplement it with a Minuteman III replacement in future years.

Given the stringent budget climate, and the preceding outline of lack of full definition on the small ICBM program, the Committee is convinced that it is premature to support the transition of the small ICBM to full-scale engineering development at this time. Scarce fiscal resources can be better spent on strategic programs that provide real near- to mid-term capability (such as the Trident II, ATB, SRAM II, and ACM), rather than on the small ICBM. The small ICBM can thus be deferred at less risk to U.S. strategic force modernization than these other high-priority programs.

(2) *Cost reduction.*—The Committee must note that preliminary estimates of the life-cycle costs for basing a force of 500 small ICBM's in hardened mobile launchers range from $46,000,000,000 to $53,000,000,000 in fiscal year 1985 dollars (at existing Minuteman facilities and Government-owned facilities, respectively). The life-cycle cost for a deployed small ICBM warhead will, therefore, approach $100,000,000—far above the costs of deploying mobile MIRV'ed alternatives in a similar manner or in deceptive basing modes. Given the high cost associated with the small ICBM program, the Committee believes that additional cost reduction activities should precede the transition of the program to full-scale engineering development.

Additional efforts need to be conducted in an extended pre-FSD phase on reducing the costs associated with basing and manning a hardened, mobile ICBM. Initial estimates indicate that 14,000 personnel would be required to man a force of 500 small ICBM's deployed in random movement areas. Some 7,000 personnel may still be required if 500 small ICBM's are based at existing Minuteman facilities. In either case, the number of bases required for a deployment of 500 small ICBM's has not been determined. Additional trade studies should be conducted and transmitted to Congress on how to reduce manpower requirements for mobile ICBM's before any mobile ICBM is proposed for transition to full-scale engineering development.

Moreover, the Committee notes that preliminary Air Force estimates indicate that the unit acquisition cost of a hard mobile launcher [HML] will approach $14,000,000 (fiscal year 1984 dollars) per vehicle—meaning that approximately $7,000,000,000 (fiscal year 1984 dollars) will be spent on a hardening program for the small ICBM. The cost of the HML, which could approach the unit cost of the missile itself, could make the entire small ICBM system increasingly difficult to buy in times of budgetary constraint.

The Committee, therefore, directs the Air Force to conduct a Should Cost study on the HML for the small ICBM prior to asking for additional funding to transition the program to full-scale engineering development. This report, to be submitted to both Appropriations Committees of the House and Senate, should provide an accurate projection of HML unit acquisition costs, and evaluate opportunities for manpower savings.

(3) *Decisions for force size, basing mode, and site selection.*—The decision to provide funding to transition the small ICBM to full-scale engineering development is proposed in the absence of definitive decisions on force size, basing mode, and site selection. The Committee does not want to see a repetition of loss of support for an ICBM system because the basing mode and site selection was not well thought out and

thoroughly defined before the missile itself goes into full-scale development.

The quantity of small ICBM's to be procured is also yet to be determined. Although the Air Force has developed preliminary life-cycle cost estimates based on a nominal force size of 500, this is not yet the formally approved baseline for the program. Indeed, in the absence of a decision from Congress approving a follow-on basing mode for a second 50 MX Peacekeepers, either small ICBM inventory objectives would have to expand, or consideration might have to be given to initiation of another MIRV'd ICBM for the 1990's. At this point, with the issue of the second 50 Peacekeepers still unresolved, it is not at all clear that the small ICBM by itself would be a cost-effective or militarily useful way to compensate for the loss of those 500 Peacekeeper hard-target reentry vehicles.

The basing mode for the small ICBM will be determined in November, as will be the number and location of bases to support its deployment. While mobile basing is the most probable deployment mode, final decisions have not yet been made on any one of three candidate deployment modes:

—Hardened mobile launchers dispersed at Government-controlled access land.

—Hardened mobile launchers deployed at existing Minuteman facilities.

—Missile deployment in hardened silos.

Additional pre-FSD work should be conducted over the next year to test hard mobile launchers in northern, cold-weather climates—something that has not been a part of the pre-FSD program to date, even though Minuteman base deployment is one of the options under consideration. Additional pre-FSD work would also be useful on mitigating potential scheduling conflicts at existing Government-owned facilities. Of even more importance than these, an additional year would help the program more fully define its command and control architecture, and evolve a mature concept of operations in a post-attack environment.

(4) *Military utility.*—When the small ICBM program was started in 1983, the Congress adopted the Price amendment, which limited small ICBM weight to no more than 33,000 pounds. This congressionally mandated weight restriction will prohibit the small ICBM from accommodating a penetration aids package and a capacity for larger payloads. A defense science board task force addressing the small ICBM program concluded earlier this year that the weight limitation should be lifted prior to the transition of the program to full-scale engineering development. Air Force studies concur in the DSB's conclusion that the current Small ICBM weight is insufficient to deliver a penetration aids package or to provide flexibility for other advanced payloads, should the threat dictate.

No authorization exists in current law for development of a small ICBM other than the ICBM mandated by the Price amendment. The Committee concurs in the observation of the Senate Armed Services

Committee that further expenditure of funds to support a 30,000-pound missile and the related hard mobile launcher is not warranted. Consequently, the Committee will not entertain supplemental or outyear funding for a follow-on ICBM that is authorized at a level of 30,000 pounds.

Alternate basing technologies.—The Committee recommends an appropriation of $120,000,000 for alternate basing technologies, a reduction of $269,000,000 to the budget request. The House denied funds for alternate basing technologies. This project has two R&D efforts in the field of alternate ICBM basing: follow-on basing for Peacekeeper and other ICBM's, and deep basing for ICBM's, satellites, anc C³ facilities.

The Committee notes that the Air Force proposed $369,000,000 for R&D on alternate basing efforts for a second deployment of 50 Peacekeepers. Of that amount, approximately $205,000,000 was for conceptual design, facility design, component testing, and blast and shock testing. Some $164,000,000 was proposed for systems engineering, environmental siting, and concealment testing. This budget request would support a fiscal year 1988 full-scale development decision for a basing mode for the second 50 Peacekeepers. No additional deployments would begin until 2 to 3 years thereafter, depending upon the choice of basing mode.

The Committee notes that OSD and Air Force support for this effort has been lukewarm throughout 1986. This lack of support militates against fully funding the fiscal year 1987 budget request. The Committee believes that engineering, siting, and concealment activity should be deferred until a clear signal is received on the candidate basing mode for a second 50 Peacekeeper ICBM's. Recent Presidential decisions have once again raised the possibility of follow-on Peacekeeper deployments. For this reason, the Committee partially approves only $100,000,000 in follow-on basing funding for Peacekeeper and other ICBM's. These funds are approved solely for continuation of conceptual design and component testing, facilities design and testing, and blast and shock testing. No funds are approved at this time for systems engineering, environmental siting, or concealment testing. Prior to seeking any further funding for follow-on basing activity for Peacekeeper, the Secretary of Defense should submit a report outlining the candidate basing mode. This decision is currently scheduled for early fiscal year 1987.

The Committee fully approves $20,000,000 for further research and development into deep basing R&D activities.

TACTICAL PROGRAMS

The recommended program includes $3,306,042,000 for tactical programs. This activity provides for advanced, engineering, and operational systems development on all aspects of Air Force tactical warfare efforts. This includes developments to improve Air Force tactical capabilities in combat missions such as air superiority, interdiction, close air support to land combat forces, suppression of enemy air defenses, airlift, airborne early warning and control, communications, identification, navigation, and electronic warfare.

Advanced tactical fighter [ATF].—The Committee recommends an appropriation of $275,000,000 for the Advanced Tactical Fighter Program, a reduction of $19,099,000 to the budget request. The House denied funds for ATF, choosing instead to consolidate fighter aircraft R&D in one line item. This reduction is made to slow ATF to more closely match the ICNIA/INEWS developmental effort, as discussed in the next section. The fiscal year 1987 budget request for the ATF program supports R&D activity on engine development, airframe development, and avionics and subsystems development. More than $250,000,000 is included elsewhere in the Air Force R&D budget for ATF-related technologies.

The Committee is supportive of ATF development as a long-term counter to current and future Soviet tactical fighter force improvements. However, the cost of ATF must be kept within the bounds established last year by the Air Force and supported by the Committee. The Committee looks skeptically at any attempt to increase the performance goals to levels that would force the unit flyaway cost goal of $35,000,000 to be breached.

Because of its concern about keeping ATF costs under close congressional scrutiny, the Committee directs the Department of the Air Force to submit an annual report on the future likely cost of ATF, starting with the fiscal year 1988 budget submission. This report should address the impact of the prototype competition on the developmental and acquisition cost of the program, and also include a line-by-line accounting of all ATF-related technology development activity funded outside the ATF budget line item.

The Committeel encourages the Air Force to maintain its current unit flyaway cost goals for the aircraft, in order to produce an affordable and technologically superior fighter aircraft for the next century.

ICNIA/INEWS.—The Committee is concerned that the schedules for the ICNIA/INEWS programs are not fully synchronized with the pace of the advanced tactical fighter development program. This is an issue of concern due to the fact that ICNIA/INEWS will develop the communications and navigation avionics and electronic warfare subsystems for the ATF. According to information provided to the Committee by the Air Force, fiscal year 1987 funding requirements for ICNIA and INEWS are $100,000,000 short of what is needed to support a 1995 IOC for the ATF.

It is the view of the Committee that the ATF program runs the risk of excessive developmental concurrency unless ICNIA/INEWS is fully funded to support the restructured ATF program. The Committee directs the Air Force to submit with the fiscal year 1988 budget request a report on how it intends to develop ICNIA/INEWS to support a 1995 IOC for the advanced tactical fighter. In the absence of such a report, the Committee will have to seriously consider slowing the development pace of the ATF program in the future years. Included in this report should be a 5-year ICNIA/INEWS funding profile, with complete and accurate program milestones and objectives for both ICNA/INEWS and ATF.

C–17.—The Committee recommends an appropriation of $362,623,000 for the C–17 development program, a reduction of $249,639,000 to the budget request and $184,639,000 below the House allowance. The Committee's action is predicated on the fact that there is simply not enough RDT&E funding available at the present time to fully fund all of the major Air Force programs in full-scale engineering development. In the ordering of its priorities, the Committee has preferred to fully fund other high priority efforts. Moreover, the Committee's review of the C–17 program to date indicates that the program has not experienced stable expenditure rates, indicating that work performance may be trailing original Air Force projections. Consequently, the Committee is recommending fiscal year 1987 budget authority at the post Gramm-Rudman-Hollings sequester level.

The Committee notes that as of June 30, only $84,222,000 of the nearly $350,000,000 available to the C–17 program for fiscal year 1986 had been disbursed. End of year projections indicate that no more than $163,900,000 will be disbursed on the C–17 program throughout all of fiscal year 1986. The Committee is concerned that this slow rate of expenditures is indicative of an overstatement of budget authority required. The Committee recommends the DOD perform a comprehensive audit on C–17 obligations and expenditures prior to seeking additional R&D funding in fiscal year 1988.

With the deferral of advance procurement on the C–17, discussed in the procurement chapter of the report, and this major reduction in RDT&E support, the Committee anticipates a dropoff in the level of engineering support on the C–17 program.

Engine Component Improvement Program.—The Committee recommends an appropriation of $114,486,000 for the Air Force Engine Component Improvement Program, a reduction of $27,290,000 to the budget request and the same allowance as the House. The Committee has recommended this course of action to slow Government-supported financing of engine component improvement programs, with the intent of gradually transitioning to a position where the major engine manufacturers can finance most, if not all, of this engineering support activity themselves.

The Committee notes that the engine component improvement programs of the military services have reached the several hundred million dollar level. Engine CIP programs were established to fund engineering support activities on engines once their full-scale development is complete, in order to address usage and life issues not covered in the original development warranties. The Committee believes that these programs have become entrenched to such an extent that they are noncompetitive and not sufficiencly reviewed in-house by the sponsoring service or the Department of Defense.

Consequently, the Committee recommends a sharp reduction in fiscal year 1987 funding for these programs, and directs the Department of Defense to restructure them toward the ultimate goal having the engine manufacturers provide this support without Government financing. In the interim period, engine CIP work should be awarded solely on the basis of competitive bids, and the engine CIP program should be submitted to a thorough in-house review of the Department of Defense.

The Committee directs that the Office of the Under Secretary for Research and Engineering provide it with a feasibility study on the elimination of all engine component improvement support activity from the RDT&E program no later than April 1, 1987.

Hardened target munitions.—The Committee recommends denial of a new start, hardened target munitions, and deletes $15,115,000 from the budget request. This is the same recommendation made by the House. The Air Force had proposed this new start to develop an improved 1,000-pound penetrating warhead with operational carriage and delivery flexibility beyond that of the improved 2,000-pound warhead. This warhead would be used for developmental standoff weapons and in NATO cooperative R&D programs where penetration capability is desired.

The Committee acknowledges the long-term potential payoff of developing a 1,000-pound penetrating warhead with these capabilities. However, the current budget climate militates against approval of new starts in fiscal year 1987. The Committee recommends deferral of the start of this program until fiscal year 1988.

Ground launched cruise missile.—The Committee recommends an appropriation $377,000 for the ground launched cruise missile, a reduction of $7,000,000 to the budget request. The Air Force added this amount to the GLCM research and development program above last year's projection for fiscal year 1987 to permit development of an operational test launch payload. This development initiative would permit operational test missiles to be tested without first disassembling the missile to install a recovery exercise module.

The Committee views this as of lower priority than other critical Air Force tactical and strategic programs funded in this year's budget request. Accordingly, it denies funding for this effort, deferring it until fiscal year 1988 or later years.

Tactical protective systems.—The Committee recommends an appropriation of $53,234,000 for tactical protective systems, a reduction of $41,676,000 to the budget request. The House denied all funding for the program. This program provides for the engineering development of new and improved self-protection electronic warfare equipment for tactical strike, air superiority, airlift, and reconnaissance aircraft.

The fiscal year 1987 budget request proposed increasing the F–16 protective systems project for a base of $1,204,000 in fiscal year 1986 to $61,503,000 in fiscal year 1987. Many of the key technologies associated with F–16 self-protection EW equipment are classified.

While the Committee supports the initiative to field effective, affordable self-protection systems for the F–16, the level of effort proposed by the Air Force appears excessive and lacking in full justification. Moreover, the cost estimates associated with the fiscal year 1987 budget request are described as category IV, and only based on Air Force Systems Command Program Office experience with current, similar development programs rather than from hard evaluation.

The Committee recommendation reducing the F–16 protective systems project from $61,503,000 to $19,827,000 still provides a good start from which to initiate fiscal year 1987 EW and self-protection improvements on the F–16.

Joint surveillance target attack and radar system [JSTARS].—The Committee recommends an appropriation of $300,000,000 for the JSTARS program, a reduction of $55,692,000 to the budget request. The House denied all funding for the JSTARS program. JSTARS provides for full-scale development of an airborne radar and engagement system to detect, track, and attack first and second echelon Warsaw Pact forces and hamper attempts to break through Allied positions. The JSTARS system includes a multimode radar, data links, ground-based control stations, and airborne operations and control stations installed an airborne C–18 (707) platform.

The fiscal year 1987 budget request for JSTARS includes $224,000,000 for continued funding of the FSD contract, $20,000,000 for acquisition of a third C–18 test asset, $62,200,000 in change orders, and a balance of $57,200,000 for test support, studies, GFE, and program office support.

The Committee recommends deferral of $35,700,000 in funding budgeted for change orders and block II FSD efforts. These reductions can be made without any appreciable damage to the fiscal year 1987 baseline program. The Committee recommends denial of $20,000,000 for the option for a third C–18 R&D aircraft. The Committee understands that the baseline C–18 program is executable with either two or three R&D aircraft. The balance of the 10-aircraft program will be funded through acquisition of modified 707 aircraft currently owned by national or international airlines. The Committee believes it will make more economic sense to procure eight modified C–18's from airlines enblock, rather than only seven, as would be the case under a three R&D aircraft program.

The Committee has also fully funded the R&D prototype ground stations for JSTARS in Army, RDT&E in order to permit the conduct of the proposed JSTARS ground-based demonstrations. In addition, $43,400,000 is recommended for the JSTARS ground stations in the "Army procurement" account in order to support operational tests and interim demonstrations with Army OV–1D aircraft.

The Committee encourages the Air Force to expedite the completion of the operational utility evaluation for the C–18 in support of its structure review planned for March 1987. The Air Force review will include a comprehensive look at the JSTARS system in a theaterwide scenario, and will include survivability analyses and options for a block II full-scale development upgrade starting in fiscal year 1988.

The Committee continues to support JSTARS development through use of the C–18 platform as the most timely response possible for obtaining a target and attack capability against enemy follow-on forces in Europe.

Precision location strike system F-16 squadrons (PLSS data link).—The Committee recommends denial of $26,601,000 for the precision location strike system and deletion of $15,900,000 from the F-16 squadrons program associated with further development of a PLSS data link for the F-16. The House provided $20,000,000 to continue PLSS development.

This recommendation coincides with decision within the Air Force to terminate the PLSS production program. The Committee notes that the Air Force has invested more than $500,000,000 in the PLSS program. The Air Force should attempt to complete PLSS development within available RDT&E funds.

Special Operations Forces.—The Committee recommends an appropriation of $19,789,000 for Special Operations Forces, a reduction of $46,750,000 to the budget request. This recommendation deletes all funding for a new project start, AC-130 gunship replacement.

The Committee has recommended deferral of nearly all new starts in fiscal year 1987, no matter how meritorious the program, on the basis of severe budget constraints. The $46,750,000 budgeted for the AC-130 gunship replacement project, although of considerable merit in the modernization of U.S. special operations force capabilities, is of lower priority than full funding for other important strategic and tactical programs in full-scale development this year.

The Committee recommends denial of this new project start without prejudice and recommends that the air Force resubmit it for congressional consideration next year.

OTHER TACTICAL PROGRAM ADJUSTMENTS

[In thousands of dollars]

	Budget request	Recommendation	Reduction
Air base survivability and recovery	7,078	6,000	-1,078
Low-cost Seeker	14,775		-14,775
Nuclear weapons support	4,341	2,341	-2,000
Integrated digital avionics	13,394	7,294	-6,100
Modular automatic test equipment	23,682	15,000	-8,682
Advanced short range air-to-air missile	386		-386
C/B defense equipment	27,187	24,187	-3,000
Aeromedical systems development	9,341	8,341	-1,000
DOD physical security	18,511	16,511	-2,000
Protective systems	92,705	82,705	-10,000
Computer resources management technology	12,957	12,457	-500
Follow-on tactical reconnaissance system	30,583	20,583	-10,000
Airborne warning and control system	137,190	127,190	-10,000
Joint tactical command program	11,425	6,425	-5,180

INTELLIGENCE AND COMMUNICATIONS

The recommended program includes $2,547,555,000 for intelligence and communications. This activity provides funding for advanced, engineering, and operational systems development efforts in Air Force intelligence and worldwide communications systems.

NAVSTAR global positioning equipment.—The Committee recommends an appropriation of $40,024,000 for the NAVSTAR global positioning system (user equipment), a reduction of $5,000,000 to the budget request and $17,024,000 above the House allowance. This recommendation deletes $5,000,000 to deny a portion of a $23,000,000 transfer of aircraft procurement funds to R&D associated with software integration efforts.

These integration efforts and integration study estimates are based merely on preliminary proposal analyses, rather than negotiated contracts. The recommended reduction can defer work not yet on contract into future years. The Air Force is encouraged to develop more complete budget estimates for this program in future years.

Traffic control approach and landing systems [TRACALS].—The Committee supports the restructured Department of Defense [DOD] Microwave Landing System [MLS] Program. However, due to the projected late fiscal year 1987 contract award for the MLS ground equipment, only $5,800,000 of the requested $12,600,000 is approved. The DOD and Federal Aviation Administration [FAA] should continue with their joint acquisition of fixed and mobile MLS equipment in early fiscal year 1988. MLS avionics development should continue in fiscal year 1987.

The Committee also supports development of the surveillance and tower restoral vehicles [SRV/TRV] and the New Mobile Radar [NMR] Program which now takes advantage of the Marine air traffic control and landing system [MATCALS] development. In fiscal year 1987, $6,800,000 is approved for SRV/TRV and $6,000,000 for the NMR.

Classified programs.—The Committee recommends an appropriation of $2,328,133,000 for classified Air Force intelligence and communications programs, an increase of $25,865,000 to the budget request and $2,405,000 above the House allowance. The explanation for these changes is found in the classified annex to the Committee report.

DEFENSEWIDE MISSION SUPPORT

The recommended program includes $1,920,403,000 for defensewide mission support. This budget activity funds Air Force installations and operations required for major system testing, test instrumentation development, technical information efforts, target development, and other research and development support.

NATO cooperative research and development.—The Committee recommends an appropriation of $40,000,000 for NATO cooperative research and development, a reduction of $9,249,000 to the budget request. The House recommended $30,000,000 for NATO cooperative R&D. The Committee recommends this reduction to the Air Force portion of the NATO cooperative R&D program due to the slower than expected startup of the program in fiscal year 1986

This is the same recommendation made for the Army and Navy.

Space shuttle operations.—The Committee recommends an appropriation of $107,967,000 for space shuttle operations, a reduction of

$67,900,000 to the budget request and the same allowance as made by the House. Due to the standdown of the shuttle fleet following the *Challenger* disaster, the Air Force informed the Committee that a total of $32,900,000 in shuttle Orbiter flight charges could be saved in the RDT&E account during fiscal year 1987. A total of $35,000,000 had been previously identified as savings due to transfer of payload upper stages to the CELV.

Improved capability for DT&E.—The Committee recommends an appropriation of $80,000,000 for improved capability for developmental test and evaluation, a reduction of $9,518,000 to the budget request and $10,482,000 above the House allowance. This recommendation applies $5,000,000 against another new project start, HAVE LINK, as well as applying a general reduction of $4,518,000 against the balance of the program.

Other defensewide mission support adjustments.—The fiscal year 1987 budget request included increases for a number of programs that exceeded by unjustifiably large percentages the amounts provided in fiscal year 1986, or lacked sufficient program explanation. The Committee accordingly recommends the following adjustments:

[In thousands of dollars]

	Budget request	Recommendation	Reduction
Flight simulator development	102,736	99,736	-3,000
Variable in-flight test aircraft	8,680	7,500	-1,180
R&M maturation/technology insertion	18,031	15,031	-3,000
Range improvement	64,616	61,616	-3,000
Nav/radar/sled track test support	25,889	24,889	-1,000
Acquisition and command support	285,063	280,063	-5,000
Test and evaluation support	304,151	300,000	-4,151
Advanced system engineering/plan	23,144	19,144	-4,000
Productivity investments	5,106	4,106	-1,000
Industrial preparedness	83,573	78,573	-5,000

Real property maintenance and base operations.—The Committee recommends an appropriation of $119,264,000 for real property maintenance and $93,728,000 for base operations for the Air Force's RDT&E program. This action funds 85 percent of the Air Force RPM and base operations budget request for fiscal year 1987, and provides a net savings of $37,586,000.

It is the view of the Committee, that all real property maintenance and base operations activities should be funded in the "Operations and maintenance" account. Competing priorities within the Air Force tend to favor RDT&E facilities over other facilities in the disposition of annual funding, solely because of the large annual real growth in the RDT&E program.

Air Force RDT&E facilities should compete for such funding with other Air Force facilities on an equal, and not a preferred basis. The Committee encourages the Air Force to consolidate funding for these activities in the "Operations and maintenance appropriation" account starting in fiscal year 1988.

OTHER ADJUSTMENTS

Fiscal year 1987 inflation repricing.—The Committee recommends a reduction of $288,600,000 to RDT&E, Air Force, due to lower estimates for inflation in fiscal year 1987. This reduction assumes CBO inflation rate of 3 percent, instead of the 4.1 percent reflected in the budget request.

Consultants, studies, and analyses.—The Committee recommends a reduction of $34,090,000 to RDT&E, Air Force, for consulting, studies, and analyses provided to the Air Force. This recommendation freezes consulting services at the fiscal year 1986 level of effort.

ITEMS OF SPECIAL INTEREST, AIR FORCE

VHSIC.—The Committee recommends an appropriation of $127,897,000 for the very high speed integrated circuit [VHSIC] program, a reduction of $5,000,000 to budget request, in accordance with the Senate authorization.

The goal of the VHSIC program is to develop high-speed integrated circuits [IC's] with dimensions as small as 0.5 micron—less than 1 millionth of a meter. The VHSIC program is currently developing 1.25 micron feature sizes as an intermediate goal for near-term systems applications. The key elements needed to fabricate VHSIC chips are high-priority materials such as silicon, patterning processes which can define the features on the chip surface, fabrication techniques, and packaging techniques. VHSIC chips will perform the key electronic functions needed for future weapons systems computers, radars, and communications equipment.

The Committee has annually supported the VHSIC program because it believes this technology will help the United States restore its wide lead in integrated circuit technology and reduce the time delay between the availability of advanced IC's in the commercial market and their use in deployed military systems. The VHSIC program is scheduled to conclude by fiscal year 1989.

Low cost Seeker, Air Force.—The Committee recommends no appropriation for the low cost Seeker, deleting all $14,775,000 from the Air Force budget request. The House provided $17,375,000, a total of $2,600,000 above the budget request, to accelerate the program. This action is taken to terminate further Air Force participation in the low cost Seeker program, and consolidate future LCS funding requirements within the Navy, RDT&E appropriation. Funding for LCS development is contained in the Navy R&D program for fiscal year 1987.

The Committee understands that the Air Force would prefer to be relieved of the requirement to participate in the LCS program. The Committee does not agree to continue to fund the Air Force program in fiscal year 1987, when it has demonstrable evidence that service support for its development is lacking. The Committee understands that the Air Force would prefer to pursue the HARM Block IV upgrade in lieu of LCS.

The Committee believes that the annual bureaucratic tug of war between the Navy and Air Force over funding the LCS development program has been unproductive, and served to create substantial instability in the current program. The current budgeted LCS program is $25,000,000 short of actual program requirements. Committee review of the program raises questions as to whether the technology development to date can meet the projected 1991 IOC without additional funds. A program slip and substantial cost growth is anticipated if the current acquisition strategy is maintained at existing budgeted levels for the program.

It is the view of the Committee that LCS technology development will be better facilitated if future RDT&E funding is consolidated within the Navy, and stretched to meet a later date of initial operational capability. The Committee encourages the Navy to investigate modified acquisition strategies to reduce outyear program costs, including a down-select on the number of contractors in the program.

The Committee notes that generic LCS technology is applicable not only to product improvements of the HARM missile, but also to future self-protection and dual-role antiradiation weapons, including modified Sparrows and AMRAAM. It is the opinion of the Committee that LCS development should not be tied directly to HARM production. The HARM inventory requirement is insufficient to justify the current development approach, as LCS seekers would catch only the last 481 HARM production units in fiscal year 1990. The Committee prefers to see a more deliberate technology development approach that emphasizes application of generic LCS technology to the Sparrow and AMRAAM. Consequently, the Committee does not believe that the fiscal year 1987 budget request should be fully funded.

F–15 squadrons.—The Committee recommends an appropriation of $178,988,000 for F–15 squadrons, a reduction of $30,000,000 to the budget request. The House did not fund the F–15 Squadrons Program, preferring to consolidate all tactical air programs in a separate line item.

The Committee understands from discussions with the Air Force that the F–15 Multi-Staged Improvement Program [MSIP] budget is substantially higher than the anticipated funding requirement for fiscal year 1987. Consequently, the Committee recommends a reduction of $30,000,000 to the request.

Software Engineering Institute.—The Committee recommends an appropriation of $14,541,000 for the DOD Software Engineering Institute, an increase of $5,000,000 to the budget request. The additional funds will fully satisfy all fiscal year 1987 program requirements for the DOD Software Engineering Institute.

[In thousands of dollars]

	1986 adjusted amount (1)	1987 budget estimate (2)	House allowance (3)	Committee recommendation (4)	Senate compared to— Budget estimate (5)	Senate compared to— House allowance (6)
RESEARCH DEVELOPMENT TEST & EVAL, AF						
TECHNOLOGY BASE						
IN-HOUSE LAB INDEPENDENT RESEARCH	15,098	17,465	15,491	15,491	-1,974	---
DEFENSE RESEARCH SCIENCES	194,383	212,587	199,584	199,584	-13,003	---
UNIVERSITY RESEARCH INITIATIVES	5,898	12,530	12,530	6,250	-6,280	-6,280
GEOPHYSICS	36,392	40,625	38,174	38,174	-2,451	---
MATERIALS	49,600	57,478	51,541	51,541	-5,937	---
AEROSPACE FLIGHT DYNAMICS	63,671	70,281	66,562	65,790	-4,491	-772
AEROSPACE BIOTECHNOLOGY	44,787	53,371	46,604	46,604	-6,767	---
AEROSPACE PROPULSION	59,042	65,552	61,283	61,283	-4,269	---
AEROSPACE AVIONICS	56,551	67,826	60,000	60,000	-7,826	---
TRAINING/SIMULATION TECH	23,803	26,802	24,626	24,626	-2,176	---
CIVIL ENGINEERING & ENVIRONMENTAL QA	6,723	5,425	5,425	5,425	---	---
ROCKET PROPULSION	37,403	41,890	38,791	38,791	-3,099	---
ADVANCED WEAPONS	33,460	37,070	35,050	35,050	-2,020	---
CONVENTIONAL MUNITIONS	38,496	49,884	39,919	39,919	-9,965	---
COMMAND/CONTROL/COMMUNICATION	72,306	79,678	75,838	75,678	-4,000	-160
PERS UTILIZATION TECH	7,939	9,806	8,284	8,284	-1,522	---
TOTAL, TECHNOLOGY BASE	745,552	848,270	779,702	772,490	-75,780	-7,212
ADVANCE TECHNOLOGY DEVELOPMENT						
LOGISTICS RESEARCH & DEV RQMTS	9,200	19,061	11,000	14,061	-5,000	+3,061
INTEGRATED EW SYSTEM ADV DEVELOPMENT	42,846	60,107	---	60,107	---	+60,107
ACFT PROPULSION SUBSYS INTEGRATION	25,985	30,180	25,840	30,180	---	+4,340
ADV AVIONICS FOR ACFT	20,463	49,835	22,000	47,835	-2,000	+25,835
FLT VEHICLE TECHNOLOGY	18,902	27,557	19,789	25,557	-2,000	+5,768
RECON SENSORS/PROCESSING TECHNOLOGY	5,671	6,064	6,064	6,064	---	---
AEROSPACE STRUCTURES/MATERIALS	17,574	31,512	27,000	30,000	-1,512	+3,000
AVIATION TURBINE FUEL TECHNOLOGY	3,254	10,432	3,462	6,675	-3,757	+3,213
ADV TURBINE ENGINE GAS GENERATOR	26,135	27,838	25,838	27,838	---	+2,000
WEAPON SYSTEM POWER	1,197	3,544	1,198	2,544	-1,000	+1,346
DOD COMMON PROG LANGUAGE(ADA)ADV DEV	7,049	6,890	6,890	6,890	---	---
ADVANCED SIMULATOR TECHNOLOGY	4,167	5,054	4,374	5,054	---	+680
CREW SYSTEMS TECHNOLOGY	10,867	15,905	15,905	14,699	-1,206	-1,206
ACFT NON-NUCLEAR SURVIVABILITY	3,098	2,470	2,470	2,470	---	---
ADV FIGHTER TECH INTEGRATION	18,691	30,679	25,000	26,679	-4,000	+1,679
LINCOLN LABORATORY	21,704	26,524	22,268	25,524	-1,000	+3,256
ADVANCED SYSTEM INTEGRATION DEMO	---	9,369	---	9,369	---	+9,369
CARTOG APPLICATIONS-TAC & STRAT SYS	1,331	1,706	1,706	1,706	---	---
NATIONAL AEROSPACE PLANE TECHNOLOGY	---	33,490	---	---	-33,490	---
SPACE & MSL ROCKET PROPULSION	3,195	12,911	3,354	10,455	-2,456	+7,101
ADVANCED TECHNOLOGY CRUISE MISSILE	7,254	---	---	---	---	---
HYPERVELOCITY MISSILE	10,172	9,609	9,609	9,609	---	---
ADVANCED SPACECRAFT TECH	6,615	14,373	7,000	12,373	-2,000	+5,373
SPACE SYS ENVIRON INTERACTIONS TECH	3,736	8,529	3,529	8,529	---	+5,000
CRUISE MISSILE SURVEILLANCE TECH	10,914	16,850	13,850	16,850	---	+3,000
VERY HIGH SPEED INTEGRATED CIRCUITS	195,865	132,897	132,897	127,897	-5,000	-5,000
CONVENTIONAL WEAPONS	24,186	30,903	24,124	27,903	-3,000	+3,779
ADVANCED RADIATION TECH	13,918	23,641	23,641	23,641	---	---
MANPOWER & PERSONNEL SYS TECH	2,078	2,370	---	2,078	-292	+2,078
WEATHER SYSTEMS	3,272	3,697	3,275	3,697	---	+422
ELECTRONIC WARFARE TECHNOLOGY	27,993	---	---	---	---	---
CIVIL/ENVIRONMENTAL ENGR TECH	10,853	13,703	11,393	13,703	---	+2,310
FIBER OPTICS DEVLOPMENT	3,270	2,841	2,841	2,841	---	---
ADVANCED COMMUNICATIONS TECHNOLOGY	4,626	1,926	---	1,926	---	+1,926
ADVANCED COMPUTER TECHNOLOGY	7,087	10,491	---	9,491	-1,000	+9,491
ELECTRO-OPTICAL WARFARE	15,032	53,363	---	48,363	-5,000	+48,363
CHEMICAL WARFARE DEFENSE	4,725	5,149	4,949	5,149	---	+200
COUNTER/COUNTERMEASURES -ADV DEV	12,706	7,612	6,159	7,612	---	+1,453
TRAINING SYSTEMS TECHNOLOGY	2,196	2,411	1,411	2,411	---	+1,000
DOD SOFTWARE ENGINEERING INSTITUTE	11,096	9,541	12,041	14,541	+5,000	+2,500
COMD/CNTRL/COMM ADV DEV	15,377	22,963	6,916	21,963	-1,000	+15,047
*FORECAST II PROGRAMS	---	---	---	-8,000	-8,000	-8,000
TOTAL, ADVANCE TECHNOLOGY DEVELOPMENT	634,300	783,997	487,793	706,284	-77,713	+218,491

[In thousands of dollars]

	1986 adjusted amount (1)	1987 budget estimate (2)	House allowance (3)	Committee recommendation (4)	Senate compared to— Budget estimate (5)	Senate compared to— House allowance (6)
STRATEGIC PROGRAMS						
ADVANCED STRATEGIC MISSILE SYSTEMS....................	154,909	176,915	125,000	171,915	-5,000	+46,915
SHORT RANGE ATTACK MISSILE II..........................	33,073	164,702	—	119,702	-45,000	+119,702
STRATEGIC RELOCATABLE TARGET CAPABIL..................	—	985	—	985	—	+985
AIR DEFENSE BATTLE MGT TECH............................	—	2,500	—	1,250	-1,250	+1,250
CRUISE MISSILE ENGAG SYS TECH..........................	—	2,100	—	1,050	-1,050	+1,050
ATMOSPHERIC SURVEILANCE TECH...........................	4,704	32,024	4,000	25,000	-7,024	+21,000
WWMCCS ARCHITECTURE....................................	7,594	2,224	2,224	2,224	—	—
B-1B...	265,092	118,652	50,000	118,652	—	+68,652
COMMON STRATEGIC ROTARY LAUNCHER.......................	68,631	14,591	13,591	14,591	—	+1,000
ICBM MODERNIZATION.....................................	1,399,328	2,116,798	1,575,498	1,116,798	-1,000,000	-458,700
STRAT CONV STANDOFF CAPA(SCSC).........................	34,018	7,464	7,464	7,464	—	—
AIR LAUNCHED CRUISE MISSILE............................	10,564	6,065	4,065	6,065	—	+2,000
SPACE DEFENSE SYS......................................	156,915	277,957	140,000	202,957	-75,000	+62,957
SYSTEMS SURVIVABILITY (NUC AFFECTS)....................	7,491	13,515	13,515	13,515	—	—
B-52 SQUADRONS...	12,482	—	—	—	—	—
KC-135 SQUADRONS.......................................	915	3,941	—	3,941	—	+3,941
MINUTEMAN SQUADRONS....................................	5,689	67,526	47,526	54,226	-13,300	+6,700
PACCS/WWABNCP SYS EC-135 CL V MODS.....................	3,937	14,798	9,798	14,798	—	+5,000
SAC COMMUNICATIONS.....................................	7,171	610	610	610	—	—
NCMC - TW/AA SYSTEMS...................................	49,558	32,935	32,935	32,935	—	—
NCMC - SPACE DEFENSE SYSTEMS...........................	54,803	41,284	26,284	41,284	—	+15,000
BALLISTIC MSL TAC WNG/ATK ASSES SYS....................	2,036	3,084	3,084	3,084	—	—
TW/AA INTERFACE NETWORK................................	1,387	—	—	—	—	—
JOINT SURVEILLANCE SYSTEM..............................	1,955	3,509	3,509	3,509	—	—
SURVEILL RADAR STATIONS/SITES..........................	10,102	25,004	25,004	25,004	—	—
DEW RADAR STATIONS.....................................	38,662	14,430	14,430	14,430	—	—
OVER-THE-HORIZON RADAR.................................	63,743	33,877	33,877	33,877	—	—
BALLISTIC MSL EARLY WNG SYSTEM.........................	12,252	16,225	16,225	16,225	—	—
SPACETRACK...	9,084	16,461	16,461	16,461	—	—
DEFENSE SUPPORT PROGRAM................................	75,188	138,178	118,178	125,000	-13,178	+6,822
SLBM RADAR WARNING SYSTEMS.............................	7,782	19,752	17,752	19,752	—	+2,000
INTEGRATED OPER NUDETS DETECT SYS......................	19,407	31,346	26,346	31,346	—	+5,000
COMD CTR PROCESS/DISPLAY SYS...........................	13,992	27,027	27,027	27,027	—	—
MINIMUM ESSENTIAL EMER COMM NETWORK....................	96,577	92,527	57,527	72,527	-20,000	+15,000
WWMCCS INFORMATION SYSTEM..............................	4,725	8,510	8,510	8,510	—	—
WWMCCS INFORMATION SYSTEM - JPMO.......................	60,213	111,374	111,374	100,000	-11,374	-11,374
MILSTAR SAT COMM SYS (AF TERMINALS)....................	122,980	298,527	278,000	290,000	-8,527	+12,000
MILSTAR COMM SAT SYSTEM................................	326,665	493,357	493,357	468,357	-25,000	-25,000
THEATER NUC WPN STORAGE&SEC SYS........................	987	—	—	—	—	—
AIR FORCE ONE..	20,000	—	—	—	—	—
CLASSIFIED PROGRAMS....................................	2,036,365	2,636,868	2,486,997	2,627,368	-9,500	+140,371
MILITARY AIRLIFT GROUP (IF)............................	-957	8,963	—	8,963	—	+8,963
ADVANCED STRATEGIC WEAPON..............................	—	—	100,000	—	—	-100,000
TOTAL, STRATEGIC PROGRAMS..............................	5,209,019	7,076,605	5,890,168	5,841,402	-1,235,203	-48,766
TACTICAL PROGRAMS						
ADVANCED TACTICAL FIGHTER..............................	160,552	294,099	—	275,000	-19,099	+275,000
UNMANNED AIR RECONNAISSANCE VEHICLE....................	9,449	3,940	3,940	3,940	—	—
CV-22A...	2,363	4,920	—	4,920	—	+4,920
AIR BASE SURVIVABILITY & RECOVERY......................	4,736	7,078	7,078	6,000	-1,078	-1,078
LOW COST SEEKER..	16,646	14,775	17,375	—	-14,775	-17,375
F-4 MODERNIZATION DEMOSTRATION.........................	14,282	—	—	—	—	—
MILLIMETER WAVE SEEKERS................................	18,064	14,179	—	14,179	—	+14,179
DOD PHYSICAL SECURITY EQ-EXTERIOR......................	954	984	984	984	—	—
TECHNICAL ON-SITE INSPECTION (TOSI)....................	—	9,850	6,850	9,850	—	+3,000
COMBAT IDENTIFICATION TECHNOLOGY.......................	8,281	6,314	6,314	6,314	—	—
C3CM ADVANCED SYSTEMS..................................	1,890	4,512	—	4,512	—	+4,512
JT SURV.TGT ATK RADAR SYS(JSTARS)......................	3,024	—	—	—	—	—
ACFT AVIONICS EQUIPMENT DEVELOPMENT....................	27,794	25,092	21,092	25,092	—	+4,000
F-100 DURABILITY.......................................	2,739	—	—	—	—	—
AIRCRAFT EQUIPMENT DEV.................................	8,298	4,862	4,862	4,862	—	—
ENGINE MODEL DERIVATIVE PROG...........................	59,430	68,132	62,132	68,132	—	+6,000
INTEGRATED DIGITAL AVIONICS............................	7,549	13,394	—	7,294	-6,100	+7,294
EW COUNTER RESPONSE....................................	28,350	34,068	—	34,068	—	+34,068
NUCLEAR WEAPONS SUPPORT................................	1,923	4,341	4,341	2,341	-2,000	-2,000
ALTERNATE FIGHTER ENGINE...............................	31,518	109,376	100,000	109,376	—	+9,376
C-17 PROGRAM...	362,623	612,262	547,262	362,623	-249,639	-184,639

[In thousands of dollars]

	1986 adjusted amount (1)	1987 budget estimate (2)	House allowance (3)	Committee recommendation (4)	Senate compared to—	
					Budget estimate (5)	House allowance (6)
INFRARED SEARCH & TRACK SYS	22,335	34,846	30,846	34,846	—	+4,000
MODULAR AUTOMATIC TEST EQUIPMENT	9,415	23,682	23,682	15,000	-8,682	-8,682
NIGHT PRECISION ATTACK	38,601	40,103	10,000	40,103	—	+30,103
ACFT ENGINE COMPONENT IMPROVE PROG	118,123	141,776	114,486	114,486	-27,290	—
T-46A	51,304	10,756	10,756	10,756	—	—
ADV MED RANGE AIR-TO-AIR MSL	95,674	39,080	39,080	39,080	—	—
ADV SHORT RANGE AIR-TO-AIR MISSILE	—	386	—	—	-386	—
JOINT TACTICAL FUSION PROGRAM	22,383	24,661	24,661	24,661	—	—
HARDENED TARGET MUNITIONS	—	15,115	—	—	-15,115	—
GRD LAUNCHED CRUISE MSL	647	7,377	—	377	-7,000	+377
C/B DEFENSE EQUIPMENT	21,250	27,187	23,342	24,187	-3,000	+845
ARMAMENT ORDNANCE DEVELOPMENT	16,596	29,773	14,338	29,773	—	+15,435
SUBMUNITIONS	36,768	4,921	4,921	4,921	—	—
WIDE-AREA ANTI-ARMOR MUNITION	11,867	15,102	39,102	15,102	—	-24,000
AIR BASE SURVIVABILITY & RECOVERY	18,804	21,330	20,330	21,330	—	+1,000
AEROMEDICAL SYSTEMS DEVELOPMENT	7,606	9,341	9,341	8,341	-1,000	-1,000
LIFE SUPPORT SYSTEM	14,809	12,396	15,396	12,396	—	-3,000
OTHER OPERATIONAL EQUIPMENT	16,006	14,469	10,569	14,469	—	+3,900
RECONNAISSANCE EQUIPMENT	7,390	9,540	9,540	9,540	—	—
DOD PHYSICAL SECURITY EQ-EXTERIOR	14,867	18,511	18,511	16,511	-2,000	-2,000
TAC C3 COUNTER-MEASURES	14,894	24,636	—	24,636	—	+24,636
COMBAT IDENTIFICATION SYSTEMS	1. 139	12,012	—	12,012	—	+12,012
SURFACE DEF SUPRESSION	28,348	44,119	—	44,119	—	+44,119
AIRBORNE SELF-PROTECTION JAMMER	4,718	10,071	—	10,071	—	+10,071
PROTECTIVE SYSTEMS	62,959	92,705	—	82,705	-10,000	+82,705
TACTICAL PROTECTIVE SYSTEMS	53,234	94,910	—	53,234	-41,676	+53,234
COMPUTER RESOURCES MGT TECH	11,350	12,957	9,957	12,457	-500	+2,500
PRECISION LOCATION STRIKE SYSTEM	59,608	26,601	20,000	—	-26,601	-20,000
INTELLIGENCE EQUIPMENT	12,739	10,417	10,417	10,417	—	—
COMBAT HELICOPTER MODERNIZATION	9,449	—	—	—	—	—
SIDE LOOKING AIRBORNE RADAR (SLAR)	19,529	19,691	19,691	19,691	—	—
JSTARS	—	355,692	—	300,000	-55,692	+300,000
JT INTEROPERABILITY TAC COMD/CNTRL	8,638	9,066	9,066	9,066	—	—
F-111 SQUADRONS	45,831	35,236	—	35,236	—	+35,236
F-15 SQUADRONS	224,149	208,908	—	178,908	-30,000	+178,908
A-10 SQUADRONS	2,932	—	—	—	—	—
F-16 SQUADRONS	64,715	81,323	—	65,423	-15,900	+65,423
F-4G WILD WEASEL SQUADRONS	34,608	38,698	—	68,698	+30,000	+68,698
TACTICAL AGM MISSILES	1,890	2,377	—	2,377	—	+2,377
TR-1 SQUADRONS	—	23,509	21,509	23,509	—	+2,000
FOLLOW-ON TAC RECCE SYS	—	30,583	18,583	20,583	-10,000	+2,000
AIR FORCE TENCAP	236	105	105	105	—	—
OVERSEAS AIR WEAPON CONT SYS	2,898	8,534	4,534	8,534	—	+4,000
TACTICAL AIR CONTROL SYSTEM	14,252	19,261	19,261	19,261	—	—
AIR BORNE WARNING & CONTROL SYS	115,291	137,190	77,190	127,190	-10,000	+50,000
TACTICAL AIRBORNE CMD & CONTROL SYS	7,702	—	—	—	—	—
ADV COMM SYS	107,577	33,335	—	33,335	—	+33,335
ADV COMM SYS, GENERAL REDUCTION	—	—	-32,865	—	—	+32,865
ADV COMM SYS, GENERAL REDUCTION (BY TRANSFER)	—	—	(66,200)	—	—	(-66,200)
TAC AIR INTELL SYS ACTYS	2,070	492	492	492	—	—
TACTICAL RECON IMAGERY EXPLOITATION	7,268	831	831	831	—	—
BASE COMM - TACTICAL AIR FORCES	850	3,207	1,207	3,207	—	+2,000
JT TACTICAL COMM PROG (TRI-TAC)	4,677	11,425	8,425	6,245	-5,180	-2,180
SATELLITE COMMUNICATIONS TERMINALS	4,728	4,615	4,615	4,615	—	—
ELECTRONIC COMBAT INTEL SPT	1,505	1,784	1,784	1,784	—	—
MAC COMMAND/CONTROL SYS	7,563	22,712	10,712	12,712	-10,000	+2,000
SPECIAL OPERATIONS FORCES	9,449	66,539	66,539	19,789	-46,750	-46,750
A-7 SQUADRONS (ANG)	—	4,531	—	4,531	—	+4,531
CLASSIFIED PROGRAMS	389,098	723,023	825,649	714,023	-9,000	-111,626
LIQUID SYNTHETIC FUEL	4,500	—	—	—	—	—
PAVE TIGER (RPV)	15,000	—	—	—	—	—
GENERAL REDUCTION, EW PROGRAMS	-30,000	—	—	—	—	—
TACTICAL AIRCRAFT	—	—	450,000	—	—	-450,000
A-7 STRIKEFIGHTER	—	—	35,000	—	—	-35,000
TOTAL, TACTICAL PROGRAMS	2,631,704	3,904,505	2,784,633	3,306,042	-598,463	+521,409
INTELLIGENCE & COMMUNICATIONS						
INTELLIGENCE ADVANCED DEVELOPMENT	---	6,081	6,081	4,000	-2,081	-2,081
SPACE COMMUNICATIONS	40,644	35,805	33,805	25,805	-10,000	-8,000

[In thousands of dollars]

	1986 adjusted amount (1)	1987 budget estimate (2)	House allowance (3)	Committee recommendation (4)	Senate compared to— Budget estimate (5)	Senate compared to— House allowance (6)
WWMCS-WIDE SUPPORT-COMMUNICATIONS	---	1,970	1,970	---	-1,970	-1,970
DEF SATELLITE COMM SYS	6,540	14,001	8,001	14,001	---	+6,000
LONG-HAUL COMMUNICATIONS (DCS)	10,907	5,630	5,630	5,630	---	---
I-S/A AMPE SYSTEM	29,097	54,567	54,567	54,567	---	---
ELECTROMAG COMPATIBILITY ANAL CTR	6,782	7,670	7,670	7,670	---	---
TRAFFIC CNTRL/APPROACH/LANDING SYS	20,384	18,575	6,039	18,575	---	+12,536
PRECISION TACTICAL APPROACH GUIDANCE (PTAG)	3,000	---	---	---	---	---
NAVSTAR GLOBAL POS SYS (USER EQ)	27,111	45,024	23,000	40,024	-5,000	+17,024
NAVSTAR GPS (SPACE/GRD SEGMENTS)	43,021	44,362	24,362	44,362	---	+20,000
GEN INTELLIGENCE SKILL TNG	5,008	4,788	4,788	4,788	---	---
CLASSIFIED PROGRAMS	1,975,820	2,302,268	2,325,728	2,328,133	+25,865	+2,405
TOTAL, INTELLIGENCE & COMMUNICATIONS	2,169,122	2,540,741	2,501,641	2,547,555	+6,814	+45,914
DEFENSEWIDE MISSION SUPPORT						
CONCEPT DEVELOPMENT	1,887	3,214	---	3,214	---	+3,214
SPACE TEST PROGRAM	64,667	73,692	17,192	43,692	-30,000	+26,500
SATELLITE SYS SURVIVABILITY	4,038	5,405	---	5,405	---	+5,405
NATO COOPERATIVE R&D	23,775	49,249	---	40,000	-9,249	+40,000
ADV AERIAL TARGETS DEV	12,764	11,149	11,149	11,149	---	---
FLIGHT SIMULATOR DEVELOPMENT	124,744	102,736	74,599	99,736	-3,000	+25,137
VARIABLE IN-FLT TEST ACFT (VISTA)	369	8,600	8,600	7,500	-1,100	-1,100
SPACE SHUTTLE	124,740	---	---	---	---	---
R&M MATURATION/TECH INSERTION	6,378	18,031	13,031	15,031	-3,000	+2,000
WEATHER SYSTEMS	7,633	8,444	8,444	8,444	---	---
RANGE IMPROVEMENT	51,027	64,616	61,616	61,616	-3,000	---
ELECTROMAG RADIATION TEST FACIL	3,190	5,686	5,686	5,686	---	---
IMPROVED CAPABILITY FOR RDT&E	43,862	89,518	69,518	80,000	-9,518	+10,482
PROJECT AIR FORCE	17,217	18,295	17,795	21,000	+2,705	+3,205
ACQ/COMD SPT - TELECOM	6,181	10,987	10,987	10,987	---	---
RANCH HAND II EPIDEMIOLOGY STUDY	4,430	7,384	3,384	7,384	---	+4,000
NAV/RADAR/SLED TRACK TEST SPT	19,154	25,089	20,089	24,089	-1,000	+4,000
ACQUISITION AND COMMAND SUPPORT	326,529	285,063	269,940	280,063	-5,000	+10,123
TEST AND EVALUATION SPT	397,549	304,151	288,015	300,000	-4,151	+11,985
ADV SYS ENGINEERING/PLAN	1,042	23,144	10,000	19,144	-4,000	+9,144
RDT&E AIRCRAFT SUPPORT	53,862	62,404	57,404	62,404	---	+5,000
PRODUCTIVITY INVESTMENTS	2,843	5,106	3,000	4,106	-1,000	+1,106
PRODUCT PERFORMANCE AGMT CNTR(PPAC)	---	1,157	---	1,157	---	+1,157
REAL PROPERTY MAINT -RDT&E	---	140,310	132,866	119,264	-21,046	-13,602
BASE OPERATIONS (RDT&E)	---	110,268	104,418	93,728	-16,540	-10,690
SATELLITE CONTROL FACILITY	69,096	91,714	76,714	91,714	---	+15,000
SPACE BOOSTERS	209,205	138,690	138,690	138,690	---	---
SPACE BOOSTERS (BY TRANSFER)	(316,886)	---	---	---	---	---
CONSOLIDATED SPACE OPERATIONS CENTER	82,603	93,664	83,664	74,664	-19,000	-9,000
DEF METEOROLOGICAL SATELLITE PROG	53,209	63,772	63,772	63,772	---	---
SPACE SHUTTLE OPERATIONS	74,970	175,867	107,967	107,967	-67,900	---
INVENTORY CONTROL POINT OPERATIONS	2,835	4,788	4,788	4,788	---	---
DEPOT MAINTENANCE (NON-IF)	---	487	---	487	---	+487
INDUSTRIAL PREPAREDNESS	60,987	83,573	63,573	78,573	-5,000	+15,000
PRODUCT/RELIABLE/AVAIL/MAINTAIN PROG	13,574	31,405	15,000	31,405	---	+16,405
LOGISTICS C3I SYSTEM	8,032	---	---	---	---	---
INTERNATIONAL ACTIVITIES	2,727	2,744	2,744	2,744	---	---
TOTAL, DEFENSEWIDE MISSION SUPPORT	1,875,119	2,121,282	1,745,525	1,920,403	-200,879	+174,878
CONVENTIONAL DEFENSE INITIATIVE						
NATO COOPERATIVE R & D	---	---	30,000	---	---	-30,000
TOTAL, CONVENTIONAL DEFENSE INITIATIVE	---	---	30,000	---	---	-30,000
CONSULTANTS, STUDIES & ANALYSES	-25,000	---	---	-34,090	-34,090	-34,090
UNDISTRIBUTED REDUCTION "ASSESSMENTS"	-10,000	---	---	---	---	---
RESTORATION OF CIVILIAN PAY REDUCTION	12,200	---	---	---	---	---
GENERAL REDUCTION	-182,000	---	-15,000	---	---	+15,000
INFLATION ESTIMATES FOR FY 1986	-14,000	---	---	---	---	---
PRIOR YEAR FUEL SAVINGS	---	---	-2,400	---	---	+2,400
FY 87 FUEL SAVINGS	---	---	-26,800	---	---	+26,800

[In thousands of dollars]

	1986 adjusted amount (1)	1987 budget estimate (2)	House allowance (3)	Committee recommendation (4)	Senate compared to—	
					Budget estimate (5)	House allowance (6)
COOPERATIVE DOD/VA MEDICAL RESEARCH....................	---	---	15,000	---	---	-15,000
FY 86/87 INFLATION REPRICING..........................	---	---	---	-288,600	-288,600	-288,600
RDT&E PROFIT POLICY ADJUSTMENT.........................	---	---	---	-68,510	-68,510	-68,510
TOTAL, RESEARCH DEVELOPMENT TEST + EVAL, AF..........	13,046,016	17,275,400	14,190,262	14,702,976	-2,572,424	+512,714
TRANSFER FROM OTHER ACCOUNTS........................	(316,886)	---	(66,200)	---	---	(-66,200)
TOTAL FUNDING AVAILABLE............................	13,362,902	17,275,400	14,256,462	14,702,976	-2,572,424	+446,514

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, DEFENSE AGENCIES

1986 appropriation	$6,637,386,000
1986 adjusted	6,312,154,000
1987 budget estimate	8,364,300,000
House allowance	6,577,588,000
Committee recommendation	7,132,903,000

The Committee recommends an appropriation of $7,132,903,000 for research, development, test and evaluation programs of the Defense Agencies, a reduction of $1,231,397,000 to the budget request for fiscal year 1987. The recommendation is $555,315,000 above the House allowance.

SUMMARY TABLE

[In thousands of dollars]

	Budget estimate	House allowance	Committee recommendation	Change from budget
Technology base	940,044	811,344	933,524	-6,520
Advanced technology development	5,106,388	3,092,364	3,751,013	-1,355,375
Strategic programs	72,918	72,918	72,918	
Tactical programs	291,739	281,765	690,923	+399,184
Intelligence and communications	1,736,701	2,156,372	1,702,462	-34,239
Defensewide mission support	216,510	162,825	194,747	-21,763
Consultants, engineering, and technical services			-32,844	-32,844
Fiscal year 1987 inflation repricing			-145,500	-145,500
RDT&E profit policy adjustment			-34,340	-34,340

The budget activities and programs funded under this appropriation are discussed below.

STRATEGIC DEFENSE INITIATIVE

The Committee strongly supports the President's Strategic Defense Initiative and recommends providing $3,414,411,000 for the SDI program in fiscal year 1987, a 24-percent increase over fiscal year 1986. While the Committee acknowledges that a higher level of funding would enable the Strategic Defense Initiative Organization [SDIO] to obtain answers to the ultimate feasibility of strategic defense more rapidly, current budget constraints make this impossible. The recommended appropriation for SDI appears as follows:

[In thousands of dollars]

	Budget estimate	Committee recommendation
Surveillance, acquisition, and tracking	1,262,413	1,262,413
Directed energy weapons	1,614,955	1,614,955
Kinetic energy weapons	991,214	991,214
Systems concepts and battle management	462,206	462,206
Survivability, lethality, key support technology	454,367	454,367
SDI management headquarters	17,411	17,411
General reduction		−1,388,155
Total, Strategic Defense Initiative	4,802,566	3,414,411

Committee review.—The Committee held extensive hearings and briefings in review of the fiscal year 1987 budget request on the Strategic Defense Initiative. On March 5, the Subcommittee on Defense heard testimony from Lt. Gen. James Abrahamson, Director of the Strategic Defense Initiative Organization, on the fiscal year 1987 SDI program and budget request. On April 9, the subcommittee held a closed hearing with the Director on the specific programs and technologies encompassing SDI. Included in this review was the proposed restructuring of the nuclear directed energy portion of the SDI program.

On April 10 and May 9, the subcommittee heard testimony from nongovernmental expert witnesses who testified on both sides of the SDI program. Finally, on April 28, the subcommittee held a special briefing on Soviet strategic defense activities, conducted by the Defense Intelligence Agency. The Committee believes that its review of the fiscal year 1987 SDI program is as extensive as any other committee in Congress, and provides a sound basis from which to make this funding recommendation.

The Committee's review of the SDI program covered a broad range of issues, such as:

—The impact of SDI on nuclear deterrence and stability;
—cost-effectiveness criteria in determining transition to engineering and deployment;
—the technical feasibility of SDI, and possible Soviet countermeasures;
—technology/industrial base issues relating to the capability of U.S. industry and universities to support SDI research and technology development;
—financial management issues relating to the ability of the program to be executed at the pace that has been programmed; and
—arms control concerns relating to treaty obligations.

This review led to the conclusion that the conduct of a vigorous research and technology effort in the area of strategic defense is a high national security priority. Any further reduction to SDI beyond the $1,388,155,000 general reduction already imposed by the Committee would be a major setback to the program, forcing additional delays in program milestones and objectives. A further stretchout of SDI research only serves to postpone the generation of answers to questions of the ultimate feasibility and cost-effectiveness of strategic defense.

The SDIO has informed the Committee that continuing all existing SDI contracts into fiscal year 1987 alone would require a funding level of $4,100,000,000. While the Committee has been unable to fund the baseline fiscal year 1987 program at that high a level, it has provided a level of funding sufficient to prevent cancellation of ground-based laser experiments, tracking and pointing experiments, BSTS, SSTS, large cuts in sensor and discrimination technology, and a drastic reduction in the research effort into theater defense and Kwajelein Missile Range instrumentation. Further reductions below the Committee-approved level will reverse technical progress previously made in the field of strategic defense technology development, and would force SDIO to terminate many more existing contracts.

Hearing record.—This year's hearing record underscored the fact that the technology now exists to destroy ICBM's in their boost phase or their warheads in midcourse and terminal phase. As General Abrahamson noted in the Committee's March 5 hearing:

> We have the confidence that the technology exists or that it will be here soon enough so that the technical feasibility of being able to destroy boosters or warheads is a reasonable kind of assumption.

The Committee believes that the technologies being researched in the SDI program are worthy of a full and fair evaluation, so that an informed decision on development and deployment can be made by the early 1990's.

Ongoing research and development activity within the SDI program has critical national security implications for U.S. early warning, space-tracking, and intelligence collection capabilities. The $1,300,000,000 SATKA effort (surveillance, acquisition, tracking, and kill assessment) is of particular relevance in this regard. SATKA will form the eyes of the SDI, and is vital to all other parts of the program, and needs to be emphasized.

Research and development activity in SATKA is of importance not only for determining the ultimate feasibility of an SDI system, but also for its relationship to U.S. early warning and intelligence collection capabilities. SATKA is the only program element within the Department of Defense that funds development of a boost phase early warning satellite to replace the Defense Support Program [DSP]. Vital efforts on the development of a broad data base from which to measure Soviet ballistic missile system and subsystem characteristics are also conducted within this portion of the SDI program. The ongoing technology development activity funded in SATKA has broad national security implications. Any large funding reduction to the SDI program will undoubtedly be distributed across the board by SDIO (as has been done in previous years), and force serious reductions in the level of activity in these critical fields.

This year's hearing record also supported the acceleration of the nuclear directed energy weapons portion of the SDI program. Additional research, development, and testing in this field will provide a more comprehensive understanding of the Soviet threat to potential SDI architectures and our existing offensive deterrent capabilities. The acceleration of this portion of SDI will thus permit synchronization of all SDI research efforts, in support of an early 1990's development decision.

Research in nuclear-driven directed energy weapons concepts is also required to better understand the technology ramifications of the Soviet strategic defense effort, and keep pace with Soviet activity in the field. In this manner, U.S. offensive capabilities will not be compromised by potential Soviet advances in the nuclear directed energy weapons field. Such research and testing will enable the United States to obtain a more comprehensive base of knowledge with respect to nuclear-driven directed energy weapons effects on our ICBM's, SLBM's, and satellites.

The Committee heard conflicting testimony from an impressive group of outside witnesses on the SDI research program. While there was disagreement as to the appropriate level of funding for SDI research in fiscal year 1987—ranging from a low of $2,500,000,000 to approval of the full $4,800,000,000 budget request—all witnesses agreed that research into strategic defense was a necessary component of U.S. national security.

The requirement for a stable research and development program that can provide as strong as possible bargaining position for U.S. strategic arms negotiators militates against reducing fiscal year 1987 funding for SDI below the Committee-recommended level. As noted earlier, the fiscal year 1987 SDI program should be funded at $4,100,000,000 to permit ongoing R&D activities from prior years to be continued. Lower funding levels may force contract terminations. The Committee desires to fund SDI at as high a level as possible in order to prevent the premature down-select of technology options which will inevitably come from a requirement for contract terminations. More importantly, the Committee agrees that deep reductions to SDI would inevitably send an adverse signal to the Soviet Union.

The testimony of former Secretary of Defense Harold Brown at the Committee's hearings was particularly instructive in this regard. Dr. Brown noted:

> The Soviets are clearly watching what Congress will do. They are now pretty sophisticated. This is new style Soviet leadership. They watch what the Congress does. They try to influence the Congress. They try to influence public opinion. They would certainly like to see the strategic defense program, about which they worry for some good reasons and some bad reasons, decrease without having to pay anything for that. If the Congress were to level it or decrease it, that would certainly reduce the price they might be willing to pay.

Research issues.—The Committee's support for SDI research does not imply that it is ready at this time to endorse either full-scale development or deployment of strategic defenses.

There are many serious issues involving SDI space transportation, space launch requirements, computing requirements, and battle management that will have to be resolved prior to any decision to move forward on engineering development or deployment of space-based strategic defenses. The Committee believes that the SDIO should concentrate additional effort on these issues, for they will, in large measure, determine the ultimate feasibility of strategic defense.

The very payloads now being considered for SDI space-based deployments are far in excess of current U.S. space transportation and space launch capabilities. Space-based SDI deployments of candidate directed energy weapons and fighting mirrors will require either a heavy lift launch vehicle capable of lifting hundreds of thousands of pounds in orbit, or a heavier derivative of the space shuttle. SDI space launch and transportation requirements must be more clearly defined by SDIO in future years.

Also, SDI computing requirements will necessitate capabilities far in excess of current computer software technology. Obtaining this capability may be achievable, but will require significant investment. The Committee notes that the SDIO is working with industry and the university community on this issue. It directs SDIO to provide the Committee with an interim assessment of SDI computing requirements with the fiscal year 1988 budget request for the program.

Reports.—The Committee directs that in the submission of the fiscal year 1988 budget, the Secretary shall submit an updated report (in classified and unclassified form) of the 1985 report on the Strategic Defense Initiative submitted to the Congress pursuant to section 1102 of the Department of Defense Authorization Act, 1985 (Public Law 98–525; 98 Stat. 2580). That updated report shall be of the same scope and in the same format as the 1985 report, including information on the Strategic Defense Initiative required to be submitted to the Congress pursuant to House Report 98–1086.

The Committee has reviewed the SDI program, and believes that pursuit of unsolicited research proposals that demonstrate unique and innovative concepts not otherwise available to the United States may have the potential of contributing to the Strategic Defense Initiative. The Committee understands appropriations for the Department of Defense during the current fiscal year may be used to undertake research in support of SDI through contracts awarded on the basis of acceptance of such unsolicited proposals without competition in accordance with section 2304(c)(1) of title 10, United States Code.

CONVENTIONAL DEFENSE INITIATIVE

The Committee recommends an appropriation of $400,000,000 for conventional defense initiatives, an unbudgeted item. Funding for the development of technologies that could advance our conventional defense capabilities was proposed in the Senate version of the defense authorization bill.

The Committee believes that the technology development activities within the SDI program can serve the basis for development of technologies that have broad conventional defense applications. SDI research covers a broad range of technology—sensors, guidance, tracking, propulsion, and countless others—all of which are applicable to conventional defense problems, as well as strategic defense. A prime example is that of ATBM (antitactical ballistic missile defense) an issue of much importance to the United States and our European allies.

For this reason, the Committee has chosen to modify the emphasis of the conventional defense initiative to include development of spinoff applications of technologies being developed under the SDI program. The Committee has drafted language within the RDT&E, defense agencies portion of the bill that provides $400,000,000 solely for conventional defense initiatives.

Of the $400,000,000 provided for conventional defense initiatives, $200,000,000 is made available without restriction for technology development efforts outlined in the Senate authorization. The remaining $200,000,000 shall not be obligated or expended until such time as the Secretary of Defense identifies specific technology efforts to be drawn from the SDI program for application to conventional defense problems. None of these funds may be obligated or expended until 15 days after the Secretary of Defense provides such notification to Congress, but no earlier than August 1, 1987.

All of these funds are to be under the managerial control of the Secretary of Defense. A plan for the program, particularly the application of SDI technology to conventional defense problems, is to be developed designated by the Secretary of Defense, with the concurrence of the Joint Chiefs of Staff.

These additional funds are not to be considered a portion of resources available for the SDI Program, rather, the intent is to provide for the employment of technologies for conventional systems, including such technologies as may emerge from the SDI research effort. Recommended bill language further qualifies this intent by specifying that these funds are not to be used in support of the SDI Program.

Of the funds appropriated for the conventional defense initiative, the Committee recommends that $16,000,000 be provided for the ship self-defense system, a hypervelocity hit-to-kill missile for inner layer surface ship defense.

Space nuclear power.—The Committee notes that reduced funding may jeopardize the ability of the United States to maintain a robust research program for space power. Given the activities of the Soviets in this area and the obvious long- and short-term requirements for space power, the Committee feels a stable research program in this area is essential. The Department of Defense, the Department of Energy, and SDIO are encouraged to explore the development of joint programs with other agencies with the goal of establishing a national space nuclear power program. Its objective would be to develop a viable technology base that would meet the missions needs for flight systems for both near- and long-term space nuclear power applications. The sponsors should look for ways to offset or ameliorate the effect of limited funding in fiscal year 1987 and to provide the Committee with a report on how a national program on space power should be constructed.

Free electron laser medical research.—The Committee appropriates $15,000,000 for the application of free electron laser [FEL] technology to medicine and materials science. The special characteristics of free electron lasers are expected to have a major impact on medicine and material science research. The purpose of this program is to make FEL technology available to scientists and physicians to develop these applications. The funds appropriated in this legislation are to be used to establish six multidisciplinary, university-based free electron laser research centers to explore and develop the medical and materials science applications of the FEL and to train physicians and students in the use of this technology.

OTHER ADJUSTMENTS

National aerospace plane [NASP].—The Committee recommends an appropriation of $130,000,000 for the national aerospace plane [NASP], a reduction of $19,017,000 to the budget request. The Committee recommendation approves $100,000,000 within the DARPA budget and $30,000,000 within the SDI budget for the NASP program, but denies the budget requests of the Navy and Air Force. Funding has been consolidated within the "Defense Agencies" account to permit greater management flexibility in executing the NASP program. The House provided $60,000,000 for the NASP.

The Department of Defense and NASA proposed a major acceleration of technology development for a national aerospace plane in the fiscal year 1987 defense budget request. The NASP concept centers on development of a hydrogen-powered aircraft capable of horizontal takeoff and landing, and capable of operating at speeds between mach 12 and mach 25 at altitudes between 100,000 and 350,000 feet. The NASP concept was defined in an exploratory development phase from 1982–85 by DOD and NASA, with industry participation. Now, DOD and NASA propose to conduct a technology development effort leading to flight of a demonstration aircraft in the early to mid-1990's

The Committee notes its general support for research and development activity in the key areas in which the NASP program will be focused—hypersonic propulsion, advanced materials and structures, computational fluid dynamics, supercomputers for airframe/engine design integration, and many other fields of technical interest. NASP technology has the potential to revolutionize aerospace travel and offers the prospect of dramatically reducing launch-to-orbit costs for manned aerospace vehicles. The reduced transit times associated with development of a transatmospheric vehicle also offer significantly improved capabilities for bomber, surveillance, and interceptor aircraft in the 21st century.

The Committee believes that the program and schedule outlined by DOD and NASA is very ambitious. While the Committee cannot comment on the developmental and flight test schedule due to classification, it can say that its review of this schedule shows an exceedingly optimistic program now exists, particularly given current budget constraints. In view of the current defense spending limitations imposed on the Committee, and the many other nearer-term programs worthy of full funding support, the Committee believes that full funding for the NASP program is not warranted at this time. The DOD and NASA should submit a revised NASP program for congressional consideration in fiscal year 1988. Included in this program revision should be a modified DOD/NASA funding agreement which requires NASA to fund a greater percentage of NASP development.

The Committee recommendation provides additional time to rephase the technology development schedule, permitting overall technical risk in the program to be reduced. Risk reduction is an important reason for recommending the proposed adjustment to the NASP budget request. Indeed, as the Under Secretary of Defense for Research and Engineering noted in answers to Committee questions about the technical risk inherent to the NASP program,

> * * * I believe we could accomplish a flight capability in the nineties if, and only if, a number of very complex and high risk technologies come to fruition * * *. The NASP program is an ambitious research program which pushes the limits of technology in all areas.

The Committee believes that greater aerospace industry support for NASP technology development is essential if a successful risk reduction effort on the NASP technology demonstrator is to be realized. Industry is certainly capable of funding a greater share of NASP development out of both private capital and general independent research and development funds generated from defense procurement contracts. The proposed IR&D/B&P ceiling for fiscal year 1987 is more than $5,400,000,000. The Committee is of the opinion that industry should fully participate in NASP development, rather than withhold corporate investment until the Federal Government fully funds the NASP program.

For these reasons, the Committee has drafted a general provision in the bill that makes the $130,000,000 provided to the NASP program contingent upon the Secretary of Defense certifying that DOD and NASA have negotiated revised funding agreements which incorporate mandated industry investment out of both private capital and a fixed percentage of accrued independent research and development funding from other defense contracts. Funds provided for the NASP are not to be obligated or expended until such certification is provided to the House and Senate, but not later than August 1, 1987.

The Committee believes that the National Aeronautics and Space Administration should fund a larger share of NASP technology development. The current DOD/NASA funding share for the NASP is approximlatey 80 percent for the Department of Defense and only 20 percent for NASA. Given the fact that the NASP technology demonstrator may lead to the development of a follow-on replacement for the space shuttle, the Committee believes that NASA funding support should be much greater.

The Committee must express its displeasure with the current Department of Defense management of the National Aerospace Plane Program. The Department negotiated five airframe and two propulsion system firm fixed price contracts for the NASP program in the absence of a congressional appropriation for fiscal year 1987. Now, the Department contends that the entire budget request is required to prevent major descoping or delay in the NASP program. It is the view of the Committee that the Department should not set the precedent of negotiating firm fixed price contracts for high risk, multibillion dollar programs such as the NASP in the absence of a congressional appropriation and go-ahead signal on the program. Consequently, the Committee is not persuaded by Department of Defense arguments that the entire funding request is necessary to keep the program on track. The Committee's direction to provide greater industry involvement and a larger NASA share of Federal funding on the NASP should serve to stabilize the future direction of the program much more so than the Department's admonition to fully fund NASP without any preconditions whatsoever.

The Committee's fiscal year 1987 reduction to the National Aerospace Plane Program is not meant to infer any weakening of its overall support for continued technology development in this field. The Committee encourages DOD and NASA to submit a revised development and flight test schedule for the NASP with the fiscal year 1988 budget request.

Defense Nuclear Agency.—The Committee recommends an appropriation of $347,013,000 for the Defense Nuclear Agency [DNA], approving the entire budget request. The House recommended an $84,900,000 reduction to the DNA program, approving only 76 percent of the budget request. The Committee recommends approval of the entire fiscal year 1987 budget request for DNA to restore a healthy and vigorous level of effort for the agency's entire program.

The Committee is of the opinion that DNA received a disproportionate share of the defence agencies and Gramm-Rudman general reductions, taking its fiscal year 1986 program below the fiscal year 1985 level of funding. This Committee's review of the impact of those reductions suggests that if similar reductions were to occur in fiscal year 1987, DNA's research and development program would experience a major setback from which it might not easily recover. DNA has already experienced a negative 9 percent real growth to its program between fiscal years 1983–86. This decline in real DNA funding has precipitated many across-the-board reductions to important DNA nuclear research, weapons effects and studies, and analysis projects. In the view of the Committee, should this negative real growth to the DNA program continue, it may threaten the important underground nuclear weapons effects testing portion of the DNA program, and potentially set the progress made in this area back at least 5 years.

The Committee directs the Office of the Secretary of Defense to review the entire DNA program, including its projected level of funding for the next 5 years, and report back to the Committee no later than April 1, 1986. Included in this report should be a projection and analysis of future strategic weapons system nuclear weapons effects testing requirements, and what rate of nuclear weapons effects testing is required over these next 5 years to fully support U.S. strategic force modernization requirements.

Fiscal year 1987 inflation repricing.—The Committee recommends an undistributed reduction of $145,500,000 to RDT&E, defense agencies, due to lower estimates for inflation in fiscal year 1987. This reduction assumes the CBO fiscal year 1987 inflation estimate of 3 percent, instead of 4.1 percent reflected in the budget request.

Consultants, studies, and analyses.—The Committee recommends a reduction of $32,844,000 to RDT&E, defense agencies, for consulting, studies, and analyses provided to the defense agencies. This recommendation freezes consulting services at the fiscal year 1986 level of effort.

DIRECTOR OF TEST AND EVALUATION, DEFENSE

1986 appropriation	$118,500,000
1986 adjusted	113,918,000
1987 budget estimate	141,800,000
House allowance	109,537,000
Committee recommendation	130,809,000

The Committee recommends an appropriation of $130,809,000, a $10,991,000 decrease to the budget estimate, for the activities of the Office of the Director of Test and Evaluation, Defense. This recommendation is $21,272,000 above the House allowance.

OPERATIONAL TEST AND EVALUATION

1987 budget estimate	$11,300,000
House allowance	11,300,000
Committee recommendation	11,300,000

The Committee recommends an appropriation of $11,300,000 for operational test and evaluation, fully funding the budget request.

[In thousands of dollars]

	1986 adjusted amount (1)	1987 budget estimate (2)	House allowance (3)	Committee recommendation (4)	Senate compared to— Budget estimate (5)	Senate compared to— House allowance (6)
RESEARCH DEVELOPMENT TEST + EVAL,DEF AGENCIES						
TECHNOLOGY BASE						
IN-HOUSE RESEARCH SCIENCES	83,728	95,900	92,000	95,900	---	+3,900
IN-HOUSE LAB INDEPENDENT RESEARCH	1,685	2,021	2,021	2,021	---	---
UNIVERSITY RESEARCH INITIATIVES	71,547	---	---	---	---	---
UNIVERSITY RESEARCH	5,685	12,500	12,500	5,980	-6,520	-6,520
TECHNICAL STUDIES	1,388	---	---	---	---	---
STRATEGIC TECHNOLOGY	237,272	240,620	230,620	240,620	---	+10,000
TACTICAL TECHNOLOGY	93,090	114,000	94,000	114,000	---	+20,000
PARTICLE BEAM TECHOLOGY	19,609	15,500	15,500	15,500	---	---
INTEGRATED COMD/CONTROL TECH	48,368	56,500	49,000	56,500	---	+7,500
MATERIALS PROCESSING TECH	28,212	34,660	34,660	34,660	---	---
NUCLEAR MONITORING	19,066	19,400	17,900	19,400	---	+1,500
NUCLEAR MONITORING (BY TRANSFER)	---	---	(1,500)	---	---	(-1,500)
DEFENSE NUCLEAR AGENCY	340,646	347,013	262,113	347,013	---	+84,900
POLYGRAPH	590	---	---	---	---	---
TECHNOLOGY BASE	883	1,930	1,030	1,930	---	+900
TOTAL, TECHNOLOGY BASE	951,739	940,044	811,344	933,524	-6,520	+122,180
ADVANCE TECHNOLOGY DEVELOPMENT						
SURVEILLANCE,ACQSN,TRACK & KILL ASSESSMENT	1,386,344	1,262,413	844,413	1,262,413	---	+418,000
DIRECTED ENERGY WEAPONS	965,441	1,614,955	1,056,955	1,614,955	---	+558,000
KINETIC ENERGY WEAPONS	859,724	991,214	620,214	991,214	---	+371,000
SYSTEMS CONCEPTS AND BATTLE MANAGEMENT	243,300	462,206	268,206	462,206	---	+194,000
SURVIVABILITY,LETHALITY & KEY SPT TECHNOLOGY	258,153	454,367	295,367	454,367	---	+159,000
SDI - GENERAL REDUCTION	-962,962	---	-254,155	-1,388,155	-1,388,155	-1,134,000
JOIN DOD-DOE MUNITIONS TECH DEV	7,551	8,803	7,803	8,803	---	+1,000
EXP EVAL OF MAJOR INNOVATIVE TECH	166,500	172,600	143,980	172,600	---	+28,620
EXP EVAL OF MAJOR INNOVATIVE TECH (BY TRANSFER)	---	---	(25,000)	---	---	(-25,000)
NATIONAL AERO SPACE PLANE TECHNOLOGY PROGRAM	---	60,000	30,000	100,000	+40,000	+70,000
SPECIAL OPERATIONS SPECIAL TECHNOLOGY OFFICE	3,806	4,365	4,365	4,365	---	---
COUNTER INSURGENCY & SPECIAL TECHNOLOGY	10,370	12,180	12,180	12,180	---	---
MICROWAVE/MILLIMETER WAVE MONOLITHIC INT CIR	---	11,172	11,172	11,172	---	---
COMPUTER AIDED LOGISTICS SUPPORT	---	14,831	14,831	12,831	-2,000	-2,000
DOD SOFTWARE INITIATIVES (STARS)	---	35,220	35,220	30,000	-5,220	-5,220
COMMAND AND CONTROL RESEARCH	2,142	2,062	1,813	2,062	---	+249
TOTAL, ADVANCE TECHNOLOGY DEVELOPMENT	2,940,369	5,106,388	3,092,364	3,751,013	-1,355,375	+658,649
STRATEGIC PROGRAMS						
ISLAND SUN	13,165	31,853	31,853	31,853	---	---
NMCS-WIDE SUPPORT	35,012	10,485	10,485	10,485	---	---
WWMCCS SYSTEM ENGINEER	19,265	19,279	19,279	19,279	---	---
MINIMUM ESSENTIAL EMER COMM NETWORK	11,280	11,301	11,301	11,301	---	---
TOTAL, STRATEGIC PROGRAMS	78,722	72,918	72,918	72,918	---	---
TACTICAL PROGRAMS						
JT SURVIVABILITY & TARGET ATTACK RADAR SYSTEM	182,436	---	---	---	---	---
COMMON JT TACTICAL INFO DISTRIBUTION SYSTEM	182,234	211,930	211,930	211,930	---	---
JOINT ADVANCED SYSTEMS	273,351	---	---	---	---	---
CINC C2 INITIATIVES	1,886	2,158	---	2,158	---	+2,158
C3 INTEROPERABILITY (JOINT TACTICAL C3 AGCY)	56,738	68,835	61,835	68,835	---	+7,000
MANAGEMENT HEADQUARTERS (JTC3A)	596	8,816	8,000	8,000	-816	---
CONVENTIONAL DEFENSE INITIATIVE	---	---	---	400,000	+400,000	+400,000
TOTAL, TACTICAL PROGRAMS	697,241	291,739	281,765	690,923	+399,184	+409,158
INTELLIGENCE & COMMUNICATIONS						
MAP/CHART/GEODESY INV/PROTOTYPE DEV	16,949	15,584	15,584	15,584	---	---
MAP/CHART/GEODESY ENGR DEV/TEST	2,800	2,337	2,337	2,337	---	---

[In thousands of dollars]

	1986 adjusted amount (1)	1987 budget estimate (2)	House allowance (3)	Committee recommendation (4)	Senate compared to—	
					Budget estimate (5)	House allowance (6)
LONG-HAUL COMMUNICATIONS (DCS)	15,399	39,113	23,613	31,113	-8,000	+7,500
SUPPORT OF THE NCS	5,420	3,041	3,041	3,041	—	—
CLASSIFIED PROGRAMS	1,646,346	1,676,626	1,622,940	1,650,387	-26,239	+27,447
ASDC3I	—	—	408,857	—	—	-408,857
TOTAL, INTELLIGENCE & COMMUNICATIONS	1,686,914	1,736,701	2,156,372	1,702,462	-34,239	-453,910
DEFENSEWIDE MISSION SUPPORT						
NATO RESEARCH AND DEVELOPMENT	23,849	49,436	44,436	40,000	-9,436	-4,436
TECHNICAL SUPPORT TO USDR/E	21,361	20,617	16,600	20,617	—	+4,017
GENERAL SUPPORT FOR PA/E	2,268	3,912	2,412	2,500	-1,412	+88
SUPPORT TO POLICY	5,415	6,931	5,556	6,931	—	+1,375
GENERAL SUPPORT FOR NET ASSESSMENT	3,674	4,415	3,815	4,000	-415	+185
GENERAL SUPPORT FOR FMIP	2,040	2,049	1,749	2,049	—	+300
CRITICAL TECHNOLOGY	2,544	3,474	2,874	3,474	—	+600
RAND RESEARCH CENTER FOR OSD & OJCS	13,660	16,717	14,117	16,717	—	+2,600
TAPESTRY	—	2,801	—	2,801	—	+2,801
BLACKLITE	3,622	4,000	4,000	4,000	—	—
CINC CONTRACT STUDIES SUPPORT	—	5,000	—	—	-5,000	—
GENERAL SUPPORT TO C3I	-204	3,164	2,164	3,164	—	+1,000
FOREIGN MATERIALS ACQUISTION & EXPLOITATION	—	14,831	—	14,831	—	+14,831
GENERAL SUPPORT FOR AIL	-222	3,263	2,363	3,263	—	+900
CRITICAL TECHNOLOGY ANALYSIS	—	3,000	2,300	3,000	—	+700
DEFENSE TECHNICAL INFO CENTER	17,410	22,500	20,500	22,000	-500	+1,500
INFORMATION ANALYSIS CENTERS	4,075	7,550	5,000	7,550	—	+2,550
MANAGEMENT HEADQUARTERS SDI	9,222	17,411	15,000	17,411	—	+2,411
MGT HQ (RESEARCH/DEVELOPMENT)	11,000	12,200	12,200	12,200	—	—
INDUSTRIAL PREPAREDNESS	4,527	11,500	6,000	6,500	-5,000	+500
TECHNOLOGY TRANSFER FUNCTIONS	1,499	1,739	1,739	1,739	—	—
TOTAL, DEFENSEWIDE MISSION SUPPORT	126,556	216,510	162,825	194,747	-21,763	+31,922
CONSULTANTS, ENGINEERING & TECHNICAL SERVICES OSD	-10,000	—	—	-32,844	-32,844	-32,844
GENERAL REDUCTION	-153,587	—	—	—	—	—
RESTORATION OF CIVILIAN PAY REDUCTION	600	—	—	—	—	—
FY-1986 INFLATION SAVINGS	-6,400	—	—	—	—	—
INFLATION/FUEL SAVINGS	—	—	—	-145,500	-145,500	-145,500
RDT&E PROFIT POLICY ADJUSTMENT	—	—	—	-34,340	-34,340	-34,340
TOTAL, RESEARCH DEVELOPMENT TEST & EVAL,DEF AGENCIES	6,312,154	8,364,300	6,577,588	7,132,903	-1,231,397	+555,315
TRANSFER FROM OTHER ACCOUNTS	—	—	(26,500)	—	—	(-26,500)
TOTAL FUNDING AVAILABLE	6,312,154	8,364,300	6,604,088	7,132,903	-1,231,397	+528,815
DIRECTOR OF TEST & EVALUATION, DEFENSE						
NATO RESEARCH AND DEVELOPMENT	25,000	47,991	42,991	40,000	-7,991	-2,991
FOREIGN WEAPONS EVALUATION	16,176	18,010	18,010	18,010	—	—
DEVELOPMENT TEST AND EVALUATION DEFENSE	72,742	75,799	48,536	73,799	-2,000	+25,263
FY 86/87 INFLATION REPRICING	—	—	—	-1,000	-1,000	-1,000
TOTAL, DIRECTOR OF TEST & EVALUATION, DEFENSE	113,918	141,800	109,537	130,809	-10,991	+21,272
OPERATIONAL TEST & EVALUATION						
OPERATIONAL TEST AND EVALUATION DEFENSE	—	11,300	11,300	11,300	—	—
TOTAL, OPERATIONAL TEST AND EVALUATION	—	11,300	11,300	11,300	—	—

[In thousands of dollars]

	1986 adjusted amount (1)	1987 budget estimate (2)	House allowance (3)	Committee recommendation (4)	Senate compared to— Budget estimate (5)	Senate compared to— House allowance (6)
RECAPITULATION						
TOTAL, RDTE, ARMY	4,563,062	5,550,300	4,426,660	4,840,463	-709,837	+413,803
TRANSFER FROM OTHER ACCOUNTS	---	---	(22,823)	---	---	(-22,823)
TOTAL, RDTE, NAVY	9,572,042	10,586,800	8,640,727	9,572,674	-1,014,126	+931,947
TRANSFER FROM OTHER ACCOUNTS	---	---	(29,050)	---	---	(-29,050)
TOTAL, RDTE, AIR FORCE	13,046,016	17,275,400	14,190,262	14,702,976	-2,572,424	+512,714
TRANSFER FROM OTHER ACCOUNTS	(316,886)	---	(66,200)	---	---	(-66,200)
TOTAL, RDTE, DEFENSE AGENCIES	6,312,154	8,364,300	6,577,588	7,132,903	-1,231,397	+555,315
TRANSFER FROM OTHER ACCOUNTS	---	---	(26,500)	---	---	(-26,500)
TOTAL, RDTE, DIRECTOR OF TEST AND EVALUATION	113,918	141,800	109,537	130,809	-10,991	+21,272
TOTAL, OPERATIONAL TEST AND EVALUATION	---	11,300	11,300	11,300	---	---
TOTAL, RDTE	33,607,192	41,929,900	33,956,074	36,391,125	-5,538,775	+2,435,051
TRANSFER FROM OTHER ACCOUNTS	(316,886)	---	(144,573)	---	---	(-144,573)
TOTAL FUNDING AVAILABLE	33,924,078	41,929,900	34,100,647	36,391,125	-5,538,775	+2,290,478

TITLE V

SPECIAL FOREIGN CURRENCY PROGRAM

1986 appropriation	$2,100,000
1986 adjusted	1,997,000
1987 budget estimate	3,500,000
House allowance	3,500,000
Committee recommendation	3,500,000

The Committee recommends the budgeted level of $3,500,000 for the Special Foreign Currency Program.

The special foreign currency appropriation provides dollars to be used exclusively for the purchase from the Treasury of excess foreign currencies which are used in the financing of programs of benefit to the Department of Defense. Such expenditures are authorized by 80 Stat. 990.

TITLE VI

SPACE TRANSPORTATION SYSTEM

SHUTTLE ORBITER REPLACEMENT

The Committee recommends an appropriation of $2,960,000,000 for procurement of a fourth shuttle orbiter to replace the *Challenger*. This is a new recommendation which is not contained in the budget estimates or the House allowance.

In the wake of the *Challenger* disaster in January, the United States has been virtually foreclosed from its previous, seemingly limitless access to space. Several expendable launcher failures have accutely aggrevated the problem. Meanwhile, the backlog of critical defense payloads will continue to build until the United States has fully recovered from the *Challenger* loss.

Recognizing this problem, the Committee took the intiative and Congress agreed this spring to provide over $1,500,000,000 for the Titan 34D-7 (Titan 4) heavy expendable launch vehicle and the medium launch vehicle programs as a means to accelerate and augment the national launch program. This was accomplished through the fiscal year 1986 Supplemental Appropriations Act.

On March 26, 1986, a joint hearing of the Defense and HUD-Independent Agencies Subcommittees, published in Senate hearing No. 99–691, was held to examine our national access to space limitations in light of the *Challenger* disaster. The Department of Defense testified to the severe impact the shuttle loss has on defense payloads and strongly supported the procurement of a replacement orbiter for national security requirements. The Department noted, that for national security missions, loss of the *Challenger* meant that only two of the three remaining orbiters were fully capable since the third NASA orbiter is not configured to provide the capacity for heavier defense payloads.

The Committee, therefore, has recognized that to assure adequate launch capability, further investment is necessary. Last month the President approved the plan to replace the fourth shuttle orbiter and determined that future flight schedules will place the highest priority on military satellites and mission payloads. The Committee's recommendation to fund the replacement orbiter in this bill recognizes the critical dependence on the space shuttle system to meet national security mission demands and balance launch system requirements. Funding the orbiter at this time will assure availability by 1991 and meet current scheduling in an expeditious manner.

Recommended bill language withholds funds from obligation until the National Aeronautics and Space Administrator and the Secretary of Defense jointly certify that the recommendations of the President's Commission on the Space Shuttle *Challenger* Accident are being implemented. Further, the Committee directs that management of this procurement remain with NASA to maximize program efficiency and avoid duplication. The Department of Defense shall retain financial management responsibility. To assure full compliance with the Committee's recommendation, including implementation of corrective actions recommended by the President's Commission, the bill language withholds obligation of these funds until August 1987.

The Committee is mindful of the impact this recommendation will have on future defense spending. To adjust for this impact, the Committee expects NASA and the Defense Department to reappraise its reimbursement policies to reflect changes in system utilization and program requirements. To date, the Defense Department has been credited with up to 10 flights. The Committee expects the revised reimbursement policy to reflect these previous payments prior to reinitiation of flight charge payment procedures as part of this comprehensive review and restructuring. Furthermore, the rescission package recommended by the Committee will yield direct outlay savings in excess of $3,000,000,000 in fiscal years 1988–90. Achievement of these savings fully offset the anticipated outlay impact from the orbiter procurement anticipated over the next few years.

REVOLVING AND MANAGEMENT FUNDS

The Committee recommends no new appropriations in title VI, revolving and management funds, for fiscal year 1987. This is $1,197,300,000 below the budget estimate and $908,300,000 below the House allowance.

The Stock Fund appropriations provide for the purchase of war reserve material and augmentation of peacetime operating stock. The stock funds of the respective military services are the primary financial vehicles for the purchase of such material. A portion of these stock-funded items which are consummable in nature—repair parts, clothing, and other expendable material—are held for use in the event of an outbreak of hostilities. The bulk of the material is stocked for normal peacetime operations use.

The following are the Committee recommendations by account:

ARMY STOCK FUND

1986 appropriation	$393,000,000
1986 adjusted	373,743,000
1987 budget estimate	296,700,000
House allowance	230,138,000
Committee recommendation	....

The Committee recommends no new appropriations. This is $296,700,000 below the budget request and $230,138,000 below the House allowance.

NAVY STOCK FUND

1986 appropriation	$638,500,000
1986 adjusted	607,213,000
1987 budget estimate	478,500,000
House allowance	379,570,000
Committee recommendation	

The Committee recommends no new appropriations. This is $478,500,000 below the budget request and $379,570,000 below the House allowance.

MARINE CORPS STOCK FUND

1986 appropriation	$37,700,000
1986 adjusted	35,853,000
1987 budget estimate	45,900,000
House allowance	31,233,000
Committee recommendation	

The Committee recommends no new appropriations. This is $45,900,000 below the request and $31,233,000 below the House allowance.

AIR FORCE STOCK FUND

1986 appropriation	$415,900,000
1986 adjusted	395,521,000
1987 budget estimate	239,400,000
House allowance	200,410,000
Committee recommendation	

The Committee recommends no new appropriations. This is $239,400,000 below the request and $200,410,000 below the House allowance.

DEFENSE STOCK FUND

1986 appropriation	$149,700,000
1986 adjusted	142,365,000
1987 budget estimate	136,800,000
House allowance	66,949,000
Committee recommendation	

The Committee recommends no new appropriations. This is $136,800,000 below the request and $66,949,000 below the House allowance.

COMMITTEE RECOMMENDATIONS

The Committee has recommended no new appropriations for inventory build in the Department of Defense stock funds for 1987. The Committee's recommendation is $1,197,300,000 lower than the budget request and $908,300,000 below the House allowance.

The Committee recommends a 1-year moratorium on new appropriations into the stock funds for several reasons. First, stock fund inventories are at their most robust levels in years. Since 1984 over $5,500,000,000 in appropriations have been approved to build inventories.

These appropriations represent only a small percentage of annual payments into the funds. Thus, at the end of 1986 it is estimated that the Department stock funds will have total assets of $57,671,219,000 on hand, most of which is in inventories.

Prior to 1984 Congress did not appropriate funds into the stock funds. In 1983, the Department of Defense began requesting direct appropriations for inventory build to accommodate the expansion in force structure. It argued that new types of inventory, such as expendable supplies and spare parts, were required for new weapons systems that require resources beyond what could be generated from the stock funds' normal business operations. At that time, the Department planned to expand to a force structure of over 44 tactical Air Force wings, 18 Army divisions, and 600 ships by the 1987–88 period.

The Department's force buildup has fallen far short of 1983 projections. Moreover, demand has fallen, but the Department continues to request appropriations for inventory augmentation.

The Committee also notes that it has not proposed transferring any cash from the stock funds in 1987. In 1986, for example, while the Congress approved new inventory build appropriations of $1,634,800,000 it also transferred out a similar amount of cash. Accordingly, in 1987 the Committee has elected to not provide new appropriations for inventory build.

TITLE VII

CHEMICAL AGENTS AND MUNITIONS DESTRUCTION, DEFENSE

1986 appropriation	
1986 adjusted	
1987 budget estimate	$120,100,000
House allowance	120,100,000
Committee recommendation	118,700,000

COMMITTEE RECOMMENDATIONS

The budget proposes a new appropriation for chemical agents and munitions destruction. The budget proposal is in conformance with the requirements of section 1412 of the Department of Defense Authorization Act, 1986 which stipulates that funds for chemical agent and munition destruction shall be set forth as a separate account and not included in the budget accounts for any of the military services.

The proposed appropriation includes funds for operation and maintenance; procurement; and research, development, test, and evaluation activities. The budget proposes that the new appropriation be included as part of the procurement title in the bill and that all the funds appropriated be available for obligation for 3 years as are procurement funds. The Committee agrees with the House and recommends that the appropriation be made a new title (title VII) since it funds activities which overlap the traditional appropriation titles. Furthermore, the Committee recommends bill language which limits obligational availability to 1 year for the operation and maintenance portion; 2 years for the research, development, test, and evaluation portion; and 3 years for the procurement portion. This is consistent with the availability for other funds in the corresponding titles of the bill.

Inflation.—The Committee recommends a reduction of $1,400,000 from the budget request for inflation adjustments. This makes the Committee allowance $1,400,000 below the House allowance and is based on an anticipated inflation rate of 3 percent in fiscal year 1987 instead of 4.1 percent included in the budget request.

ITEM OF SPECIAL INTEREST

The Committee strongly supports the Department's chemical weapons destruction program and is interested in ensuring public confidence in that process. The Committee recommends that an independent group be made available to evaluate and advise on the Department's plans over the next 10 years.

The American Society of Mechanical Engineers is one of the Nation's largest independent technical nonprofit organizations and has a unique capacity to bring together the diverse technical disciplines necessary for destruction of chemical weapons. The Society has demonstrated expertise in incineration, transportation, environmental safety, risk analysis, and instrumentation.

Accordingly, the Committee directs that no later than January 1, 1987, the Secretary of Defense shall enter into appropriate arrangements with the American Society of Mechanical Engineers to evaluate plans and annual progress of the Department for destruction of chemical weapons in terms of their potential risks and compatibility with protection of environment and public safety. The Society shall have complete access to information on the affected chemical weapon inventory and destruction plans subject to appropriate national security considerations as determined by the Secretary of Defense.

The Society shall act independently from DOD and shall report to Congress and the Secretary at least annually throughout the period of DOD chemical weapon destruction. All reports of the Society covered by this section shall be unclassified and made a matter of public record. Within funds available in fiscal year 1987, $200,000 is earmarked for this contract effort.

TITLE VIII

RELATED AGENCIES

INTELLIGENCE COMMUNITY STAFF

1986 appropriation	$22,083,000
1986 adjusted	21,001,000
1987 budget estimate	22,938,000
House allowance	21,538,000
Committee recommendation	22,338,000

The Committee recommends an appropriation of $22,338,000 which is $600,000 below the budget estimate and $800,000 above the House allowance. Details of this recommendation are contained in the classified annex to this report.

PAYMENT TO THE CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM FUND

1986 appropriation	$101,400,000
1986 adjusted	101,400,000
1987 budget estimate	125,800,000
House allowance	125,800,000
Committee recommendation	125,800,000

The Committee recommends an appropriation of $125,800,000 for the payment to the Central Intelligence Agency Retirement and Disability System Fund. The Committee recommendation concurs in the budget estimate and in the House allowance. It is an increase of $24,400,000 over the fiscal year 1986 appropriation.

The Central Intelligence Agency Retirement Act of 1964 for Certain Employees (Public Law 88–643, October 3, 1964) authorized the establishment of a Central Intelligence Agency retirement and disability system for a limited number of Agency employees and authorized the establishment and maintenance of a fund from which benefits would be paid to qualified beneficiaries. The fund finances the cost of: (1) interest on the unfunded liability, (2) annuities attributable to credit allowed for military services, (3) benefits not met by employee/employer contributions, and (4) the increase in unfunded liability resulting from liberalized benefits and Federal pay raises.

The benefits structure of this fund is similar to that of the civil service retirement system.

BARRY GOLDWATER SCHOLARSHIP AND EXCELLENCE IN EDUCATION FUND

The Committee recommends an appropriation of $40,000,000 to finance the Barry Goldwater Scholarship and Excellence in Education Foundation. Section 5104 of S. 2638, the Department of Defense Authorization Act of 1987, as passed by the Senate on August 9, 1986, establishes this foundation in tribute to Senator Goldwater's outstanding service to the Nation as both a soldier and a statesman. The foundation will provide scholarships and fellowships to eligible persons for the study of science and mathematics and it will be financed through a fund located in the Department of the Treasury and capitalized through a one-time appropriation.

COMPLIANCE WITH PARAGRAPH 7, RULE XVI, OF THE STANDING RULES OF THE SENATE

Paragraph 7 of Rule XVI requires that Committee reports on general appropriations bills identify each Committee amendment to the House bill "which proposes an item of appropriation which is not made to carry out the provisions of an existing law, a treaty stipulation, or an act or resolution previously passed by the Senate during that session."

This report accompanies a bill which has its origin in the Senate, and, therefore, the Committee does not believe that rule XVI, paragraph 7 applies in this case.

However, if rule XVI were applicable in this instance, selected procurement and research and development appropriations accounts would have been reported. The fiscal year 1987 Defense authorization bill, as passed in the Senate, provided for additional amounts in selected appropriation accounts based on the assumption that funds would be transferred from prior-year appropriation accounts. Since the Committee has elected to rescind prior-year funds in lieu of transfer, selected accounts would exceed amounts authorized by the Senate.

COMPLIANCE WITH PARAGRAPH 12, RULE XXVI OF THE STANDING RULES OF THE SENATE

Paragraph 12 of Rule XXVI requires that Committee reports on a bill or joint resolution repealing or amending any statute or part of any statute include "(a) the text of the statute or part thereof which is proposed to be repealed; and (b) a comparative print of that part of the bill or joint resolution making the amendment and of the statute or part thereof proposed to be amended, showing by stricken-through type and italics, parallel columns, or other appropriate typographical devices the omissions and insertions which would be made by the bill or joint resolution if enacted in the form recommended by the committee."

In compliance with this rule, the following changes in existing law proposed to be made by the bill are shown as follows: existing law to be omitted is enclosed in black brackets; new matter is printed in italic; and existing law in which no change is proposed is shown in roman.

Section 7572(b)(3) of title 10, United States Code, is amended as follows:

> (3) The total amount of reimbursement under this subsection may not exceed $1,421,000 for fiscal year 1986 *and is extended through September 30, 1987, at an amount not to exceed $1,657,000.*

Public Law 99–190, 99 Stat. 1189, is amended as follows:

OPERATION AND MAINTENANCE, AIR FORCE

For expenses, not otherwise provided for, necessary for the operation and maintenance of the Air Force, as authorized by law, including the lease and associated maintenance of replacement aircraft for the CT–39 aircraft to the same extent and manner as authorized for service contracts by section 2306(g), title 10, United States Code; and not to exceed $5,556,000 can be used for emergencies and extraordinary expenses, to be expended on the approval or authority of the Secretary of the Air Force, and payments may be made on his certificate of necessity for confidential military purposes; $19,536,813,000, of which not less than $1,385,000,000 shall be available only for the maintenance of real property facilities, *and $7,000,000 shall remain available for obligation until September 30, 1987, for nonlethal aid to Afghanistan.*

Public Law 99–349, 100 Stat. 721, is amended as follows:

SEC. 4. Of the amounts available to the Department of Defense, not to exceed $5,000,000 shall be available for such claims arising from property losses caused by the explosion of Army munitions near Checotah, Oklahoma, on August 4, 1985, and claims determined by the Department to be bona fide shall be paid from the funds made available by this section *without a determination of legal liability based on an act or omission of an agent or employee of the Federal Government.*

Public Law 99–190, 99 Stat. 1210, is amended as follows:

SEC. 8041. * * * [No funds appropriated by this Act may be used for the transfer of a technical data package from any Government-owned and operated defense plant manufacturing large caliber cannons to any foreign government, nor for assisting any such government in producing any defense item currently being manufactured or developed in a United States Government-owned, Government-operated defense plant manufacturing large caliber cannons.]

TECHNICAL DATA PACKAGES FOR PRODUCTION OF LARGE-CALIBER CANNON.—(1) Chapter 433 of title 10, United States Code, is amended by adding at the end the following new section:

"§ 4542. Technical data packages for large-caliber cannon: prohibition on transfers to foreign countries; exception

"(a) GENERAL RULE.—Funds appropriated to the Department of Defense may not be used—

"(1) to transfer to a foreign country a technical data package for a defense item being manufactured or developed in an arsenal; or

"(2) to assist a foreign country in producing such a defense item.

"(b) Exception.—The Secretary of the Army may use funds appropriated to the Department of Defense to transfer a technical data package, or to provide assistance, described in subsection (a) if—

"(1) the transfer or provision of assistance is to a friendly foreign country (as determined by the Secretary of Defense in consultation with the Secretary of State);

"(2) the Secretary of the Army determines that such action—

"(A) would have a clear benefit to the preservation of the production base for the production of cannon at the arsenal concerned; and

"(B) would not transfer technology (including production techniques) considered unique to the arsenal concerned; and

"(3) the Secretary of Defense enters into an agreement with the country concerned described in subsection (c).

"(c) Coproduction Agreements.—An agreement under this subsection shall be in the form of a Government-to-Government Memorandum of Understanding and shall include provisions that—

"(1) prescribe the content of the technical data package or assistance to be transferred to the foreign country participating in the agreement;

"(2) require that production by the participating foreign country of the defense item to which the technical data package or assistance relates be shared with the arsenal concerned;

"(3) subject to such exceptions as may be approved under subsection (d), prohibit transfer by the participating foreign country to a third party or country of—

"(A) any defense article, technical data package, technology, or assistance provided by the United States under the agreement; and

"(B) any defense article produced by the participating foreign country under the agreement; and

"(4) require the Secretary of Defense to monitor compliance with the agreement and the participating foreign country to report periodically to the Secretary of Defense concerning the agreement.

"(d) Transfers to Third Parties.—A transfer described in subsection (b)(3) may be made if—

"(1) the defense article, technical data package, or technology to be transferred is a product of a cooperative research and development program in which the United States and the participating foreign country were partners; or

"(2) the President—

"(A) complies with all requirements of section 3(d) of the Arms Export control Act (22 U.S.C. 2735(d)) with respect to such transfer; and

"(B) certifies to Congress, before the transfer, that the transfer would provide a clear benefit to the production base of the United States for large-caliber cannon.

"(e) NOTICE AND REPORTS TO CONGRESS.—(1) The Secretary of the Army shall submit to Congress a notice of each agreement carried into under this section.

"(2) The Secretary shall submit to Congress a semiannual report on the operation of this section and of agreements entered into under this section.

"(f) ARSENAL DEFINED.—In this section, the term 'arsenal' means a Government-owned, Government-operated defense plant that manufactures large-caliber cannon.".

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

"4542. Technical data packages for large-caliber cannon: prohibition on transfers to foreign countries; exception.".

(b) EFFECTIVE DATE.—Section 4542 of title 10, United States Code, as added by subsection (a), shall apply with respect to funds appropriated for fiscal years after fiscal year 1986.

Public Law 99–145; 99 Stat. 613, is amended as follows:

[(b)**]** *(1)* REPORT ON PROCUREMENT AND DEPLOYMENT COSTS.—The Secretary of Defense shall submit to Congress a report on the cost estimates for procurement and deployment of Strategic Defense Initiative programs. The report shall be submitted as soon as possible.

"(2) The report required by paragraph (1) shall include the following information:

"(A) The cost goals or cost objectives—

"(i) for the production and deployment of a Strategic Defense Initiative System; and

"(ii) for the individual components of such system,

determined on the basis of capabilities expected to be developed in the future.

"(B) The estimated costs of—

"(i) the production and deployment of the Strategic Defense Initiative System; and

"(ii) the production and deployment of the individual components of such system,

determined on the basis of prices in effect and capabilities in existence at the time of the preparation of the report.".

TITLE IX

GENERAL PROVISIONS

In addition to provisions discussed elsewhere in the report, the Committee recommends the following changes in the general provisions under title IX of the accompanying bill:

Expenditures for consulting service.—The Committee recommends concurrence in the House retention of last year's language which limits the expenditure for a consulting service through a procurement contract to those contracts where such expenditures are a matter of public record. The budget requests deletion of this provision. (Sec. 9001)

Conversion from coal.—The Committee recommends concurrence in the House language which continues the prohibition against the conversion of heating plants in Europe from coal to oil under third party contracting. The budget requests deletion of this prohibition. (Sec. 9010)

Legislative affairs.—The Committee recommends agreement with the budget request and House allowance to raise the limitation for legislative affairs from $13,334,000 to $13,900,000. (Sec. 9013)

Transfer authority.—The Committee recommends agreement with the House retention of language which restricts appropriation transfers to those appropriated by this act. The budget request would permit the transfer of prior year unobligated balances. In addition, the Committee recommends against the House increase of the current transfer authority ceiling from $950,000,000 to $1,200,000,000 originally requested in the budget. (Sec. 9015)

Conversion of heating plants.—The Committee recommends concurrence in the House language which continues the prohibition against the conversion from coal to oil at DOD facilities in Europe. The budget requests deletion of this prohibition. (Sec. 9017)

Reprogrammings.—The Committee recommends new language which prevents the Department from restoring cuts made by the Congress without a prior DD Form 1415 notification action. (Sec. 9018)

Public affairs activities.—The Committee recommends raising the annual spending limitation on public affairs from the present $43,563,000 to $43,700,000, in concurrence with the House. The budget requests $44,300,000. (Sec. 9020)

Multiyear contracts.—The Committee recommends concurrence in the House continuation of the law which requires: (1) language in an appropriation bill to initiate multiyear procurement contracts in excess of $500,000,000; and (2) advance notification before funds are available to execute any multiyear contract employing an economic order quantity procurement or having an unfunded contingent liability of $20,000,000.

Likewise, it prohibits unfunded cancellation ceilings for economic order procurements. The Committee recommends, too, that multiyear procurement be permitted for the defense support system and the Blackhawk and Quickfix helicopters, in addition to the Patriot missile system as proposed by the House. (Sec. 9032)

POMCUS.—The Committee recommends against the House continuation of the prohibition against the transportation of POMCUS materiel in excess of four sets. This recommendation reflects the Department's capability since fiscal year 1984 to preposition some materiel associated with POMCUS sets five and six. Specifically, the Congress modified its previously complete prohibition against POMCUS sets five and six materiel transportation by permitting such transportation of equipment maintained in the Active and Reserve inventories at 70 percent of Active or 50 percent of Reserve Force requirements. Since the Department is proceeding to this objective, the past purposes of the provision have been fulfilled. (House sec. 9035)

Posthumous promotion.—The Committee recommends a new provision which recognizes the posthumous promotion to captain of Michael J. Smith, pilot of the space shuttle *Challenger*, and provides authority for his surviving spouse to receive the higher monthly rate of dependency and indemnity compensation associated with such promotion. (Sec. 9035)

Transfer of technical data packages.—The Committee recommends modification of language requested by the budget and included by the House which governs the transfer of technical data packages from any Government-owned and operated defense plant manufacturing large caliber cannons. The Committee-recommended change incorporates section 803 of the House Defense Authorization Act for Fiscal Year 1987 and provides more authority to the Secretary of the Army in releasing technical data packages when it is to the clear benefit of the Government. (Sec. 9036)

Advanced technology bomber [ATB].—The Committee recommends agreement with the House retention of language directing the Department to continue priority emphasis on the ATB program. The budget requests deletion of this provision. (Sec. 9038)

Coal and coke from foreign sources.—The Committee recommends concurrence in the House retention of language prohibiting DOD from using foreign sources of coal and coke overseas. The budget requests deletion of this prohibition. (Sec. 9039)

Executive schedule positions.—The Committee recommends concurrence in the House limitation of 37 on the number of executive level positions in the Department of Defense. The budget requests deletion of this provision. (Sec. 9041)

Civilian technicians.—The Committee recommends changing the floor on civilian technicians from 66,086 to 66,530 and the ceiling on the number of positions in support of the Army Reserve or the Army and Air National Guard from 43,157 to 45,681. The respective House numbers are 67,919 and 43,157. The budget requests 67,418 and 50,734, respectively. (Sec. 9042)

Civilian personnel ceilings.—The House continues the direction that civilian personnel ceilings not apply for fiscal years 1987 and 1988. The Committee recommends, instead, that civilian personnel work-year and end strength ceilings be imposed on the Department. (Sec. 9043)

Nicaragua.—The Committee recommends concurrence in the budget request to drop the prohibition against the funding of paramilitary activities in Nicaragua. The House added new language directing that funds for the Nicaraguan democratic resistance be expended only if authorized by the House Intelligence Authorization Act for fiscal year 1987 or by another provision of law. (House sec. 9045)

Rescission of unobligated balances.—The Committee recommends new language which rescinds prior-year funds. This is discussed further in the earlier sections of this report. (Sec. 9045)

Working capital fund transfer.—The Committee recommends concurrence in the House continuation of language which places ceilings on transfers from working capital funds to the "Operation and maintenance, Army, Navy, and Air Force" appropriations accounts. Committee recommended numbers, however, are different than those of the House. The budget requests deletion of this provision. (Sec. 9046)

Contract and lease limitation.—The Committee recommends agreement with the House repetition of language requiring that lease contracts with a term of 18 months or more be submitted to Congress before being entered into, extended, or renewed. The budget requests language be deleted. (Sec. 9049)

Fort De Russy.—The Committee recommends adoption of language which permits the sale, lease, or rental of land at Fort De Russy, HI, to the State of Hawaii or to Honolulu. The House recommendation prohibits any sale and the budget requests no restrictions on sale. (Sec. 9050)

Unemployment compensation.—The Committee recommends concurrence in the House limitation on payments to the Department of Labor of $174,598,000 for unemployment compensation costs. (Sec. 9053)

Floating storage of petroleum.—The Committee recommends concurrence in the House denial of the budget request to delete the requirement that DOD use U.S. vessels for floating storage of petroleum or petroleum products. (Sec. 9057)

Civil Air Patrol.—The Committee recommends concurrence in the House language requiring that $5,000,000 of Air Force money be made available for the Civil Air Patrol. The budget requests last year's availability of $3,000,000 be deleted. (Sec. 9058)

"Military health care" appropriations account.—The Committee recommends against the House establishment of a new appropriations account in which to fund all CHAMPUS programs. Instead, the Committee action continues all CHAMPUS funding in the "Operation and maintenance, Defense Agencies" account, as recommended by the budget request. (Sec. 9060)

Foreign selling costs.—The Committee recommends against the budget request to delete the prohibition against the use of funds to compensate foreign selling costs as described in Federal Acquisition Regulation 31.205–38(b) as in effect on April 1, 1984. This is done in agreement with the House. This provision is intended to ensure that the Government does not underwrite marketing costs incurred by defense industries in marketing weapons systems overseas. The Committee is informed that this provision has been inaccurately interpreted to include costs incurred in marketing U.S. systems at domestic exhibits. The foreign selling provision was never intended, nor is it now intended, to apply to costs incurred in promoting American aerospace exports at domestic exhibitions. (Sec. 9061)

Humanitarian and civic assistance.—The Committee recommends concurrence in the budget request and the House allowance to continue authority for funding costs incurred for humanitarian and civic assistance in the Pacific Islands trust territories. The Committee recommends, additionally, that this authority be amended to continue civic action assistance in Micronesia as the area transitions from trusteeship to free association status. (Sec. 9062)

NATO conventional capability.—The Committee recommends concurrence in the House denial of the budget request to delete the requirement that the Appropriations Committees be notified if the Director of Operational Test and Evaluation uses funds to acquire NATO weapons for testing. (Sec. 9064)

Labor surplus areas.—The Committee recommends concurrence in the House retention of language directing that to the maximum extent practicable DOD contracts be awarded in labor surplus areas. The budget requests deletion of this language. (Sec. 9065)

Defense Personnel Support Center.—The Committee recommends concurrence in the budget request to delete the prohibition against contracting out at this facility. The House continues the prohibition. (House sec. 9068)

Local hire.—The Committee recommends continuation of language which requires DOD contracts for construction or services in noncontiguous States to employ, in high unemployment areas, local residents who possess or can promptly acquire the requisite skills. (Sec. 9068)

Army enlistment bonus and educational assistance.—The Committee recommends concurrence in House language which limits the amount of educational assistance which can be paid to a service member who receives an enlistment bonus. The budget requests deletion of this prohibition. (Sec. 9069)

Joint tactical missile system [JTACMS].—The Committee recommends concurrence in the budget request to delete the prohibition against the use of funds for RDT&E and procurement of a nuclear warhead for the JTACMS. The House continues this prohibition. (House sec. 9070)

Indian labor.—The Committee recommends retaining language which allows the Department to use Indian labor so far as may be practicable. The budget requests and the House provided for the deletion of this language. (Sec. 9070)

Flat rate per diem.—The Committee recommends changing current House language which permits the Air Force and the Defense Logistics Agency to continue flat rate per diem for military and civilian personnel. Instead, the Committee provides such authority to all DOD military personnel. (Sec. 9071)

Permanent change of station [PCS].—The Committee recommends changing the cap on fiscal year 1987 PCS funding from $2,744,293,000 to $2,517,389,000. The Department may exceed this cap if the Secretary of Defense determines that such action is in the interest of national defense and gives prior notification to Congress. The House cap is set at $2,239,060,000. The budget requests no PCS cap. Additionally, the Committee recommends that the cap cover amounts obligated rather than expended. (Sec. 9073)

Basic allowance for quarters [BAQ]/saved pay.—The Committee recommends concurrence in the budget request to delete language which ensures that BAQ rates do not fall below those in effect on December 31, 1984. The House continues this language. (House sec. 9075)

Selective reenlistment bonus.—The Committee recommends new language which restricts up front payment of selective reenlistment bonuses to 50 percent rather than 75 percent as authorized for fiscal year 1987. (Sec. 9075)

Contractor performance.—The Committee recommends concurrence in House language which requires a full cost comparison before DOD activities performed by 10 civilians can be converted to contract activities. The budget requests deletion of this language. (Sec. 9076)

C-12 aircraft procurement.—The Committee recommends concurrence in the House direction that any C-12 aircraft procurement be made through competitive procedures. The budget requests deletion of this direction. (Sec. 9079)

120 mm mortar procurement.—The Committee recommends concurrence in the House direction that no funds be used for the procurement of 120 mm mortars or 120 mm mortar ammunition manufactured outside the United States. The budget requests deletion of this direction. (Sec. 9080)

Dependent student travel.—The Committee recommends concurrence in the House language which caps at $4,700,000 the funding for dependent student travel. The budget requests deletion of this language. (Sec. 9082)

Interport differential factor.—The Committee recommends concurrence in the House repetition of language which prohibits the use of funds by the Navy to enter into any overhaul, repair, or maintenance contract which includes charges for interport differential. (Sec. 9083)

Military command structure.—The Committee recommends new language which recognizes section 213(b) of the Defense Reorganization Act and vitiates that language. (Sec. 9084)

Organotin paint.—The Committee recommends concurrence in the House retention of language which prohibits the Navy from carrying out any program to paint a naval vessel with paint known as organotin until such time as the Environmental Protection Agency certifies to the Department of Defense that whatever toxicity generated by organotin paint does not pose unacceptable hazards to the marine environment. In addition, however, the Committee recommends new language which permits the Navy to paint aluminum-hulled craft as necessary and no more than 15 steel-hulled ships to conduct research. The budget requests deletion of this prohibition. (Sec. 9085)

Strategic Defense Initiative.—The Committee recommends concurrence in the House retention of last year's language governing the award of contracts to allied nations for the Strategic Defense Initiative. The budget requests deletion of this language. (Sec. 9086)

Limitations on obligations.—The Committee recommends against new House language which exempts funds in the House bill or any prior bills from the DOD Authorization Act of 1987 as passed by the House. (House sec. 9087)

Special classified program.—The Committee recommends new language which makes funds available for a special purpose as outlined in the classified correspondence from the Department of Defense to the Committee on September 12, 1986. (Sec. 9087)

Ammunition containing depleted uranium.—New House language requires the procurement of ammunition containing a depleted uranium penetrator to be made from at least two sources. The Committee recommends alternative language which deletes the reference to Government-furnished materials. (Sec. 9083)

DOD/VA cooperative research.—The Committee recommends against new House language which provides $20,000,000 of available research and development funds for DOD/VA cooperative research. (Sec. 9088)

Prohibition on the sale of alcoholic beverages.—The Committee recommends continuation of language which directs that alcoholic beverages procured with nonappropriated funds for resale (including alcoholic beverages sold by the drink) on a military installation located in the United States be procured in the State in which the military installation is located. The budget requests and the House recommends deletion of this language. (Sec. 9089)

Productivity-based incentive awards.—The Committee recommends concurrence in new House language permitting Defense Logistics Agency civilian employees administrative time off in lieu of cash awards. (Sec. 9090)

Foreign currency fluctuations, Defense.—The Committee recommends concurrence in new House language which permits the transfer of expired procurement funds to the "Foreign currency fluctuations, defense" account to offset the decline in the value of the U.S. dollar. (Sec. 9091)

Army depot maintenance.—The Committee recommends against new House language which places a floor on civilian employees at communications-electronics repair depots. (House sec. 9092)

Availability of appropriations.—The Committee recommends new language which permits the expenditure of funds for intelligence activities absent an Intelligence Authorization Act. (Sec. 9092)

National defense stockpile.—The Committee recommends against new House language which prohibits funds from being used to store, maintain, or protect more than 127,911,736 troy ounces of silver. (House sec. 9093)

Contractor salaries.—The Committee recommends new language which prohibits the Department from paying contract overhead costs for contractor salaries in excess of the maximum pay rates for civil servants. (Sec. 9093)

Poseidon submarines.—The Committee recommends against new House language which prohibits the overhaul of submarines unless Congress approves reprogrammings to do so. (House sec. 9094)

Military and civilian pay raise.—The Committee recommends new language which makes funding available for military and civilian pay raises as authorized by law, in addition to the amounts appropriated or otherwise made available in this act. Further, the Committee recommends that funds transferred to pay military and civilian pay raises be excluded from the transfer authority ceiling imposed by section 9015 of this act, and that any funds required for pay costs in excess of the recommended appropriation be accommodated from within the levels appropriated by this act. Further details on the pay raises of civilian and military personnel are contained in earlier sections of this report. (Sec. 9094)

Variable housing allowance [VHA].—The Committee recommends modification of House language which permits one-half the requested growth in VHA payments to language which freezes such payments at 1986 rates. (Sec. 9095)

Prohibition on contracting certain activities.—The Committee recommends against new House language which prohibits contracting out any activities currently performed by Government employees at the Crane Army Ammunition activity and the McAlester Army Ammunition plant. (House sec. 9096)

Temporary lodging expense.—The Committee recommends new language which prohibits for fiscal year 1987 the payment of any temporary lodging expense within the continental United States. (Sec. 9096)

Automatic data processing [ADP].—The Committee recommends against new House language which restricts several ADP systems. (House sec. 9097)

Domestic use of coal—The budget request and the House delete bill language: (1) making available $25,000,000 for DOD to implement a program to convert current steam generating plants at U.S. defense facilities to coal burning plants and (2) directing DOD to purchase a minimum 302,000 tons of anthracite coal. The House recommends report language directing that these conversions be made on the basis of cost effectiveness. The Committee recommends, instead, bill language directing DOD to continue this domestic coversion program and making available on a nonreimbursable basis the funds to do so. (Sec. 9097)

Coast Guard improvements.—The Committee recommends against new House language which directs the Department of Defense to transfer $69,750,000 to the Department of Transportation for Coast Guard improvements. (House sec. 9098)

Air Force lands conveyance.—The Committee recommends new language which requires DOD to transfer real property for aviation and related industrial activities. (Sec. 9098)

Ship repair overseas.—The Committee recommends against new House language which prohibits the overseas overhaul, repair, or maintenance of a DOD vessel normally homeported in the United States. (House sec. 9099)

Real property maintenance.—The Committee recommends new language which prohibits the use of funds for real property maintenance or minor construction of facilities supporting nonappropriated funds activities. (Sec. 9099)

Payment date for military pay and allowances.—The Committee recommends against new House language which postpones until fiscal year 1988 the last pay date for military pay and allowances in fiscal year 1987. (House sec. 9100)

Asset capitalization program [ACP].—The Committee recommends new language which amends the minimum industrial fund ACP levels for fiscal year 1987. (Sec. 9100)

Nuclear testing.—The Committee recommends against this new House provision which imposes a 1-year prohibition on nuclear testing by the United States above a kiloton yield if the U.S.S.R. does not carry out a nuclear explosion exceeding 1 kiloton. (House sec. 9101)

Procurement financing reforms.—The Committee recommends new language which changes the Department's policy on progress payments tooling purchases and profit objectives on negotiated contracts. This issue is fully discussed in title III of this report. (Sec. 9101)

Interim restraint policy.—The Committee recommends against new House language which limits U.S. strategic nuclear forces to the numerical sublimits allowed for in SALT II. (House sec. 9102)

Navy lands conveyance.—The Committee recommends new language to expedite negotiations between the Department of the Navy and the city of Philadelphia, PA, regarding the conveyance of lands at the Philadelphia Naval Shipyard. (Sec. 9102)

Space defense system.—The Committee recommends against House language which continues the prohibition against ASAT testing until the Soviet Union conducts such a test. The budget requests deletion of last year's prohibition. (House sec. 9103)

BAQ/sea duty.—The Committee recommends retention of language which extends authority to pay BAQ to members on sea duty while ships are in overhaul. The budget requests and the House recommends deletion of last year's provision assuming authority would be continued by the authorization committees. (Sec. 9103)

Chemical weapons.—The Committee recommends denial of the House prohibition against the use of funds for chemical weapons and associated production facilities. Instead, the Committee recommends funds for chemical weapons be appropriated subject to the conditions set forth in the fiscal year 1986 Department of Defense Authorization Act. The budget requests deletion of last year's prohibition. (Sec. 9104)

Copperhead projectile.—The Committee recommends denial of the House direction that the Copperhead projectile be second-sourced, if cost effective, and that it be product-improved. (House sec. 9105)

Warehouse availability.—The Committee recommends new language which restores the use rights to three warehouses from the GSA to the Virginia Port Authority. (Sec. 9105)

Strategic Defense Initiative Institute.—The Committee recommends against new House language which prohibits funds for this institute unless authorized and appropriated in another act. (House sec. 9106)

Conversion of chromium and manganese ores.—The Committee recommends new language which requires the GSA to contract for the conversion of chromium and manganese ores held in the National Defense Stockpile to high carbon ferrochromium and high carbon ferromanganese. (Sec. 9106)

9 mm handguns.—The Committee recommends against new House language which requires recompetition of the 9 mm handgun procurement contract. (House sec. 9107)

Funds availability.—The Committee recommends new language to provide that funds made available for transfer last year pursuant to section 8098 of Public Law 99–190 remain available until expended in order to accommodate an accounting delay. (Sec. 9107)

Purchase of utilities.—The Committee recommends concurrence in new House language which prevents the Department from competing for utilities supplies. The Committee recommendation reflects its concern that the DOD proposals to compete for utilities supplies would greatly alter State and Federal laws governing our national energy policy and could affect the reliability of electrical power, a critical component of our national security. (Sec. 9108)

Advanced technology bomber, advanced cruise missile and B–1 bomber programs.—The Committee recommends new language which prohibits the use of funds authorized for the advanced technology bomber and the advanced cruise missile programs for any other purpose and limits the B–1B bomber fleet to 100 aircraft. The Committee notes the intent of this provision is not to limit the ability of the Defense Department to purchase equipment necessary to support the 100 B–1B bomber fleet, but to deny any expansion of the program to acquire additional B–1B bombers. This new provision is the same as that contained in S. 2638, the Department of Defense Authorization Act of 1987, as passed by the Senate on August 9, 1986. (Sec. 9109)

Joint Chiefs of Staff assessment.—The Committee recommends new language which requires an assessment by the Joint Chiefs of Staff of the military impacts of U.S. noncompliance with existing strategic offensive arms agreements. This new provision is the same as that contained in S. 2638, the Department of Defense Authorization Act of 1987, as passed by the Senate on August 9, 1986. (Sec. 9110)

Strategic Defense Initiative cost.—The Committee recommends new language which amends the Department of Defense Authorization Act of 1986 (Public Law 99–145) by directing that the report required by that act shall include information on cost goals, objectives, and estimates. (Sec. 9111)

Henry M. Jackson Foundation.—The Committee recommends new language which authorizes and directs that $10,000,000 be made available from within existing funds for the Henry M. Jackson Foundation in Seattle, WA, as a memorial to the late Senator from Washington, to supplement the Jackson Foundation's ongoing programs of educational assistance. The Jackson Foundation was established shortly after the late Senator's death on September 1, 1983. The Foundation has raised in excess of $4,000,000 in private charitable donations; it has been designated status as a publicly supported tax-exempt organization by the Internal Revenue Service; it has a strong and distinguished Board of Directors; and it has an active program of support of educational assistance in the areas of Middle East and Chinese studies and in the study of United States-Sino-Soviet relations. The Committee directs that this grant be disbursed to the Foundation by January 1, 1987, by the Secretary of Defense. It is the Committee's understanding that all or a portion of these funds will be invested and that the interest resulting from these funds as well as the funds granted may be used to advance the educational programs of the Foundation. The Committee contemplates that the Foundation and the Secretary of Defense will enter into an agreement which will result in periodic reports to the Secretary providing an assessment of the manner and purposes for which the Board of Directors of the foundation has used the funds. (Sec. 9112)

Special Operations Forces.—The Committee recommends new language which provides for the establishment of a unified combatant command for Special Operations Forces. This new provision is the same as that contained in S. 2638, the Department of Defense Authorization Act of 1987, as passed by the Senate on August 9, 1986. (Sec. 9113)

Overseas fuel procurement program.—The Committee recommends new language which allows U.S. corporations with a refining capacity of 75,000 barrels or less per day increased participation in the DOD overseas fuel procurement program. If the U.S. refiner can match the bid for price, specifications, and deliverability, the award will be made to the U.S. refiner instead of the foreign refiner. (Sec. 9114)

Narcotic drugs and controlled substances.—The Committee recommends new language which prohibits the availability of funds for any country if that country fails to take adequate measures to prevent narcotic drugs or other controlled substances from being sold illegally to U.S. personnel or their dependents or from being smuggled into the United States. (Sec. 9115)

Machine tool procurement.—The Committee recommends new language which prohibits the use of funds for the procurement of certain classes of foreign-made machine tools. Exemptions on a case-by-case basis are permitted for reasons of national security. (Sec. 9116)

Ammunition plant construction and operation.—The Committee recommends new language which permits the use of funds for the construction and operation of an Army ammunition plant without seeking third party contracts prior to the use of such funds. (Sec. 9117)

Department of Defense personnel security.—The Committee recommends new language making available from within existing funds $22,100,000 in order to implement the recommendations contained in the report of the DOD Security Review Commission. This report, submitted to the Secretary of Defense on November 19, 1985, proposes substantial improvements in personnel and industrial security to reduce the likelihood of espionage in the military services and defense agencies. Its recommendations include expanding the scope of defense investigative service [DIS] background investigations for secret clearances; improving the processing of State and local criminal history data for security clearances; strengthening DIS safeguards involving interim top secret clearances; expanding research and training by the DOD Security Institute; and increasing the Office of the Secretary of Defense [OSD] staff for policy direction and oversight. The Department is additionally directed to submit a reprogramming notification identifying funds for this purpose and to accommodate the 358 personnel required for this purpose from within the manpower provided by this act. (Sec. 9118)

Cargo preference regulations.—The Committee recommends new language which prohibits the expenditure of funds for the implementation of certain regulations. The Department of Defense has issued a proposed notice of rulemaking which would establish procedures to be followed and factors to be considered in implementing the Cargo Preference Act of 1904.

Although promulgated in an attempt to resolve a foreign policy conflict between the Government of Iceland and the United States over the desire of Icelandic vessels to carry United States military cargo to Iceland, the proposed regulations would be applicable to all carriage of military cargo by the United States maritime industry. The adverse impact of such regulations on the maritime industry would be contrary to the purpose of the Cargo Preference Act of 1904 and the policy objectives of the Merchant Marine Act of 1936, and has, therefore, led the Committee to conclude that any such proposed rule is ill-advised.

The Committee strongly believes that the administration, through the efforts of the Secretary of State, should resolve the conflict over the carriage of military cargo which has been a sore point in the United States-Iceland relationship. Iceland is a valuable ally and strategic component of the NATO Alliance. The Committee urges the administration to develop a package which treats both the Government of Iceland and the existing United States carrier involved in the trade in a fair and equitable manner. (Sec. 9119)

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1986 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1987

[Amounts in dollars]

Item (1)	1986 adjusted (2)	Budget estimate (3)	House allowance (4)	Committee recommendation (5)	Senate committee recommendation compared with (+ or -): 1986 adjusted (6)	Budget estimate (7)	House allowance (8)
TITLE I							
MILITARY PERSONNEL							
Military Personnel, Army	21,003,688,000	22,655,000,000	22,270,626,000	22,358,742,000	+1,355,054,000	-296,258,000	+88,116,000
Military Personnel, Navy	15,875,246,000	17,459,500,000	17,056,104,000	17,035,461,000	+1,160,215,000	-424,039,000	-20,643,000
Military Personnel, Marine Corps	4,853,944,000	5,333,400,000	5,245,086,000	5,225,361,000	+371,417,000	-108,039,000	-19,725,000
Military Personnel, Air Force	17,698,217,000	19,290,500,000	18,810,225,000	18,957,861,000	+1,259,644,000	-332,639,000	+147,636,000
Reserve Personnel, Army	2,145,194,000	2,432,000,000	2,330,830,000	2,322,529,000	+177,335,000	-109,471,000	-8,301,000
Reserve Personnel, Navy	1,264,599,000	1,527,600,000	1,436,680,000	1,470,066,000	+205,467,000	-57,534,000	+33,386,000
Reserve Personnel, Marine Corps	270,926,000	314,800,000	300,100,000	309,344,000	+38,418,000	-5,456,000	+9,244,000
Reserve Personnel, Air Force	580,507,000	646,000,000	628,977,000	633,715,000	+53,208,000	-12,285,000	+4,738,000
National Guard Personnel, Army	3,056,818,000	3,485,200,000	3,303,174,000	3,335,461,000	+278,643,000	-149,739,000	+32,287,000
National Guard Personnel, Air Force	922,797,000	1,058,900,000	1,022,310,000	1,030,258,000	+107,461,000	-28,642,000	+7,948,000
Total, title I, Military Personnel: New budget (obligational) authority	67,671,936,000	74,202,900,000	72,404,112,000	72,678,798,000	+5,006,862,000	-1,524,102,000	+274,686,000
TITLE II							
OPERATION AND MAINTENANCE							
Operation and Maintenance, Army	18,045,707,000	21,341,870,000	19,774,531,000	20,026,759,000	+1,981,052,000	-1,315,111,000	+252,228,000
Operation and Maintenance, Navy	23,277,695,000	25,688,500,000	22,993,227,000	23,156,226,000	-121,469,000	-2,532,274,000	+162,999,000
Operation and Maintenance, Marine Corps	1,533,060,000	1,864,100,000	1,793,338,000	1,783,360,000	+250,300,000	-80,740,000	-9,978,000
Operation and Maintenance, Air Force	18,579,509,000	21,214,500,000	18,893,758,000	18,684,017,000	+104,508,000	-2,530,483,000	-209,741,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1986 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1987—Continued

[Amounts in dollars]

Item (1)	1986 adjusted (2)	Budget estimate (3)	House allowance (4)	Committee recommendation (5)	Senate committee recommendation compared with (+ or −)		
					1986 adjusted (6)	Budget estimate (7)	House allowance (8)
Operation and Maintenance, Defense Agencies	7,068,373,000	8,573,700,000	6,300,040,000	7,651,437,000	+583,064,000	-922,263,000	+1,351,397,000
Operation and Maintenance, Army Reserve	741,875,000	793,100,000	769,298,000	771,385,000	+29,510,000	-21,715,000	+2,087,000
Operation and Maintenance, Navy Reserve	851,097,000	975,900,000	869,847,000	887,400,000	+36,303,000	-88,500,000	+17,553,000
Operation and Maintenance, Marine Corps Reserve	54,399,000	65,300,000	63,218,000	62,800,000	+8,401,000	-2,500,000	-418,000
Operation and Maintenance, Air Force Reserve	858,495,000	975,600,000	922,100,000	887,100,000	+28,605,000	-88,500,000	-35,000,000
Operation and Maintenance, Army National Guard	1,573,137,000	1,786,900,000	1,734,696,000	1,714,800,000	+141,663,000	-72,100,000	-19,896,000
Operation and Maintenance, Air National Guard	1,717,698,000	1,932,700,000	1,790,384,000	1,727,900,000	+10,202,000	-204,800,000	-62,484,000
National Board for the Promotion of Rifle Practice, Army	875,000	930,000	4,316,000	4,316,000	+3,441,000	+3,386,000	---
Military Health Care	---	---	1,679,409,000	---	---	---	-1,679,409,000
Claims, Defense	143,300,000	155,600,000	144,400,000	144,400,000	+1,100,000	-11,200,000	---
Court of Military Appeals, Defense	3,043,000	3,400,000	3,200,000	3,200,000	+157,000	-200,000	---
Tenth International Pan American Games	9,510,000	15,000,000	15,000,000	15,000,000	+5,490,000	---	---
Environmental Restoration, Defense	360,524,000	385,900,000	346,100,000	385,900,000	+25,376,000	---	+39,800,000
Humanitarian Assistance / Afghan Aid	---	---	6,000,000	10,000,000	+10,000,000	+10,000,000	+4,000,000
Humanitarian Assistance Reappropriation	---	---	7,000,000	7,000,000	+7,000,000	+7,000,000	---
Total, title II, Operation and Maintenance: New budget (obligational) authority	74,818,297,000	85,773,000,000	78,109,862,000	77,923,000,000	+3,104,703,000	-7,850,000,000	-186,862,000
TITLE III							
PROCUREMENT							
Aircraft Procurement, Army	3,351,514,000	3,264,700,000	2,798,050,000	2,892,150,000	-459,364,000	-372,550,000	+94,100,000
(Transfer from other accounts)	---	---	(19,100,000)	---	---	---	(-19,100,000)
Missile Procurement, Army	2,762,020,000	2,438,200,000	2,003,300,000	2,183,300,000	-578,720,000	-254,900,000	+180,000,000

(Transfer from other accounts)	---	---	(58,200,000)	---	---	---	(-58,200,000)
Procurement of Weapons and Tracked Combat Vehicles, Army	4,455,245,000	4,452,600,000	3,828,000,000	3,759,850,000	-695,395,000	-692,750,000	-68,150,000
Rescission	-34,400,000	---	---	---	+34,400,000	---	---
(Transfer from other accounts)	---	---	(8,500,000)	---	---	---	(-8,500,000)
Procurement of Ammunition, Army	2,374,837,000	2,254,000,000	2,068,988,000	2,229,700,000	-145,137,000	-24,300,000	+160,712,000
(Transfer from other accounts)	---	---	(39,562,000)	---	---	---	(-39,562,000)
Other Procurement, Army	5,018,700,000	6,169,000,000	4,641,811,000	5,286,825,000	+268,125,000	-882,175,000	+645,014,000
(Transfer from other accounts)	---	---	(251,000,000)	---	---	---	(-251,000,000)
Aircraft Procurement, Navy	10,628,070,000	11,304,300,000	9,039,452,000	9,970,750,000	-657,320,000	-1,333,550,000	+931,298,000
(Transfer from other accounts)	---	---	(155,574,000)	---	---	---	(-155,574,000)
Weapons Procurement, Navy	4,971,638,000	6,095,400,000	5,047,440,000	5,270,262,000	+298,624,000	-825,138,000	+222,822,000
(Transfer from other accounts)	---	---	(160,667,000)	---	---	---	(-160,667,000)
Shipbuilding and Conversion, Navy	10,350,341,000	11,046,200,000	9,213,100,000	9,714,539,000	-635,802,000	-1,331,661,000	+501,439,000
Rescission	-40,100,000	---	---	---	+40,100,000	---	---
(Transfer from other accounts)	---	---	(902,600,000)	(584,500,000)	(+584,500,000)	(+584,500,000)	(-318,100,000)
Other Procurement, Navy	6,081,631,000	6,538,800,000	5,492,515,000	5,988,429,000	-93,202,000	-550,371,000	+495,914,000
(Transfer from other accounts)	---	---	(95,413,000)	---	---	---	(-95,413,000)
Coastal Defense Augmentation	223,485,000	---	---	200,000,000	-23,485,000	+200,000,000	+200,000,000
Procurement, Marine Corps	1,579,388,000	1,565,000,000	1,444,896,000	1,451,599,000	-127,789,000	-113,401,000	+6,703,000
(Transfer from other accounts)	---	---	(26,500,000)	---	---	---	(-26,500,000)
Aircraft Procurement, Air Force	22,115,908,000	19,127,400,000	16,202,251,000	16,815,050,000	-5,300,858,000	-2,312,350,000	+612,799,000
(Transfer from other accounts)	---	---	(606,300,000)	---	---	---	(-606,300,000)
Missile Procurement, Air Force	7,905,132,000	8,982,400,000	6,725,777,000	7,722,245,000	-182,887,000	-1,260,155,000	+996,468,000
(Transfer from other accounts)	(345,400,000)	---	(117,900,000)	---	(-345,400,000)	---	(-117,900,000)
Other Procurement, Air Force	8,152,382,000	10,900,300,000	8,654,521,000	9,468,700,000	+1,316,318,000	-1,431,600,000	+814,179,000
Rescission	-40,000,000	---	---	---	+40,000,000	---	---
(Transfer from other accounts)	---	---	(78,711,000)	---	---	---	(-78,711,000)
National Guard and Reserve Equipment	1,469,538,000	---	752,068,000	453,250,000	-1,016,288,000	+453,250,000	-298,818,000
Procurement, Defense Agencies	1,238,906,000	1,488,400,000	1,503,361,000	1,485,487,000	+246,581,000	-2,913,000	-17,874,000
(Transfer from other accounts)	---	---	---	---	---	---	---
Defense Production Act Purchases	29,481,000	30,000,000	40,000,000	5,000,000	-24,481,000	-25,000,000	-35,000,000
NATO Cooperative Defense Programs	14,265,000	---	---	---	-14,265,000	---	---
Total, title III, Procurement:							
New budget (obligational) authority (net)	92,607,981,000	95,656,700,000	79,455,530,000	84,897,136,000	-7,710,845,000	-10,759,564,000	+5,441,606,000
Appropriations	(92,722,481,000)	(95,656,700,000)	(79,455,530,000)	(84,897,136,000)	(-7,825,345,000)	(-10,759,564,000)	(+5,441,606,000)
Rescissions	(-114,500,000)	---	---	---	(+114,500,000)	---	---
(Transfer from other accounts)	(345,400,000)	---	(2,520,027,000)	(584,500,000)	(+239,100,000)	(+584,500,000)	(-1,935,527,000)

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1986 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1987—Continued

[Amounts in dollars]

Item (1)	1986 adjusted (2)	Budget estimate (3)	House allowance (4)	Committee recommendation (5)	Senate committee recommendation compared with (+ or −)		
					1986 adjusted (6)	Budget estimate (7)	House allowance (8)
TITLE IV							
RESEARCH, DEVELOPMENT, TEST, AND EVALUATION							
Research, Development, Test, and Evaluation, Army	4,563,062,000	5,550,300,000	4,426,660,000	4,840,463,000	+277,401,000	-709,837,000	+413,803,000
(Transfer from other accounts)	---	---	(22,823,000)	---	---	---	(-22,823,000)
Research, Development, Test, and Evaluation, Navy	9,572,042,000	10,586,800,000	8,640,727,000	9,572,674,000	+632,000	-1,014,126,000	+931,947,000
(Transfer from other accounts)	---	---	(29,050,000)	---	---	---	(-29,050,000)
Research, Development, Test, and Evaluation, Air Force	13,046,016,000	17,275,400,000	14,190,262,000	14,702,976,000	+1,656,960,000	-2,572,424,000	+512,714,000
(Transfer from other accounts)	(316,886,000)	---	(66,200,000)	---	(-316,886,000)	---	(-66,200,000)
Research, Development, Test, and Evaluation, Defense Agencies	6,312,154,000	8,364,300,000	6,577,588,000	7,132,903,000	+820,749,000	-1,231,397,000	+555,315,000
(Transfer from other accounts)	---	---	(26,500,000)	---	---	---	(-26,500,000)
Developmental Test and Evaluation, Defense	113,918,000	141,800,000	109,537,000	130,809,000	+16,891,000	-10,991,000	+21,272,000
Operational Test and Evaluation, Defense	---	11,300,000	11,300,000	11,300,000	+11,300,000	---	---
Total, title IV, Research, Development, Test, and Evaluation:							
New budget (obligational) authority	33,607,192,000	41,929,900,000	33,956,074,000	36,391,125,000	+2,783,933,000	-5,538,775,000	+2,435,051,000
(Transfer from other accounts)	(316,886,000)	---	(144,573,000)	---	(-316,886,000)	---	(-144,573,000)
TITLE V							
SPECIAL FOREIGN CURRENCY PROGRAM							
Special foreign currency program	1,997,000	3,500,000	3,500,000	3,500,000	+1,503,000	---	---

TITLE VI

REVOLVING AND MANAGEMENT FUNDS

Army Stock Fund....................................	373,743,000	296,700,000	230,138,000	---	-373,743,000	-296,700,000	-230,138,000
Navy Stock Fund....................................	607,213,000	478,500,000	379,570,000	---	-607,213,000	-478,500,000	-379,570,000
Marine Corps Stock Fund............................	35,853,000	45,900,000	31,233,000	---	-35,853,000	-45,900,000	-31,233,000
Air Force Stock Fund...............................	395,521,000	239,400,000	200,410,000	---	-395,521,000	-239,400,000	-200,410,000
Defense Stock Fund.................................	142,365,000	136,800,000	66,949,000	---	-142,365,000	-136,800,000	-66,949,000
ADP Equipment Management fund......................	100,000,000	---	---	---	-100,000,000	---	---
Total, Revolving and Management Funds............	1,654,695,000	1,197,300,000	908,300,000	---	-1,654,695,000	-1,197,300,000	-908,300,000

SPACE TRANSPORTATION SYSTEM (ORBITER REPLACEMENT)

S.T.S..	---	---	---	2,960,000,000	+2,960,000,000	+2,960,000,000	+2,960,000,000
Total, title VI New budget (obligational) authority...........	1,654,695,000	1,197,300,000	908,300,000	2,960,000,000	+1,305,305,000	+1,762,700,000	+2,051,700,000

TITLE VII 2/

CHEMICAL AGENTS AND MUNITIONS DESTRUCTION, DEFENSE

Operation and maintenance..........................	---	60,500,000	60,500,000	59,900,000	+59,900,000	-600,000	-600,000
Procurement..	---	49,800,000	49,800,000	49,200,000	+49,200,000	-600,000	-600,000
Research, development, test, and evaluation...........	---	9,800,000	9,800,000	9,600,000	+9,600,000	-200,000	-200,000
Total, Chemical Agents and Munitions Destruction, Defense..........................	---	120,100,000	120,100,000	118,700,000	+118,700,000	-1,400,000	-1,400,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1986 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1987—Continued

[Amounts in dollars]

Item	1986 adjusted	Budget estimate	House allowance	Committee recommendation	Senate committee recommendation compared with (+ or -)		
					1986 adjusted	Budget estimate	House allowance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TITLE VIII							
RELATED AGENCIES							
Intelligence Community Staff	21,001,000	22,938,000	21,538,000	22,338,000	+1,337,000	-600,000	+800,000
Central Intelligence Agency Retirement and Disability System Fund	101,400,000	125,800,000	125,800,000	125,800,000	+24,400,000	---	---
Barry Goldwater Scholarship and Excellence in Education Fund	---	---	---	40,000,000	+40,000,000	+40,000,000	+40,000,000
Total, title VII, Related Agencies: New budget (obligational) authority	122,401,000	148,738,000	147,338,000	188,138,000	+65,737,000	+39,400,000	+40,800,000
TITLE IX							
GENERAL PROVISIONS							
(Additional transfer authority, sec. 9015)	(950,000,000)	(1,200,000,000)	(1,200,000,000)	(950,000,000)	---	(-250,000,000)	(-250,000,000)
(Rescissions sec. 9045)	---	---	---	(-4,615,874,000)	(-4,615,874,000)	(-4,615,874,000)	(-4,615,874,000)
Military and Civilian Pay Raise, (sec 9094)	---	3,250,000,000	---	1,911,000,000	+1,911,000,000	-1,339,000,000	+1,911,000,000
Total, title IX, General Provisions	---	3,250,000,000	---	1,911,000,000	+1,911,000,000	-1,339,000,000	+1,911,000,000
RECAPITULATION							
Title I - Military Personnel	67,671,936,000	74,202,900,000	72,404,112,000	72,678,798,000	+5,006,862,000	-1,524,102,000	+274,686,000
Title II - Operation and Maintenance	74,818,297,000	85,773,000,000	78,109,862,000	77,923,000,000	+3,104,703,000	-7,850,000,000	-186,862,000

Title III - Procurement..................................	92,607,981,000	95,656,700,000	79,455,530,000	84,897,136,000	-7,710,845,000	-10,759,564,000	+5,441,606,000
(Transfer from other accounts)........................	(345,400,000)	---	(2,520,027,000)	(584,500,000)	(+239,100,000)	(+584,500,000)	(-1,935,527,000)
Title IV - Research, Development, Test, and Evaluation	33,607,192,000	41,929,900,000	33,956,074,000	36,391,125,000	+2,783,933,000	-5,538,775,000	+2,435,051,000
(Transfer from other accounts)........................	(316,886,000)	---	(144,573,000)	---	(-316,886,000)	---	(-144,573,000)
Title V - Special foreign currency program.............	1,997,000	3,500,000	3,500,000	3,500,000	+1,503,000	---	---
Title VI - Revolving and management funds / S.T.G.....	1,654,695,000	1,197,300,000	908,300,000	2,960,000,000	+1,305,305,000	+1,762,700,000	+2,051,700,000
Title VII - Chemical Agents and Munitions Destruction, Defense..................................	---	120,100,000	120,100,000	118,700,000	+118,700,000	-1,400,000	-1,400,000
Title VIII - Related agencies............................	122,401,000	148,738,000	147,338,000	188,138,000	+65,737,000	+39,400,000	+40,800,000
Title IX - General provisions...........................	---	3,250,000,000	---	1,911,000,000	+1,911,000,000	-1,339,000,000	+1,911,000,000
(Additional transfer authority, sec.9015)...........	(950,000,000)	(1,200,000,000)	(1,200,000,000)	(950,000,000)	---	(-250,000,000)	(-250,000,000)
Total, Department of Defense (NOA)..............	270,484,499,000	302,282,138,000	265,104,816,000	277,071,397,000	+6,586,898,000	-25,210,741,000	+11,966,581,000
(Transfer from other accounts)..............	(662,286,000)	---	(2,664,600,000)	(584,500,000)	(-77,786,000)	(+584,500,000)	(-2,080,100,000)
Total funding available..........................	271,146,785,000	302,282,138,000	267,769,416,000	277,655,897,000	+6,509,112,000	-24,626,241,000	+9,886,481,000
(Transfer authority)........................	(950,000,000)	(1,200,000,000)	(1,200,000,000)	(950,000,000)	---	(-250,000,000)	(-250,000,000)
Distribution by organizational component:							
Army..	69,432,015,000	76,920,500,000	70,184,418,000	71,726,280,000	+2,294,265,000	-5,194,220,000	+1,541,862,000
(Transfer from other accounts)..........	---	---	(399,185,000)	---	---	---	(-399,185,000)
Navy..	91,990,527,000	100,890,000,000	89,046,533,000	92,098,271,000	+107,744,000	-8,791,729,000	+3,051,738,000
(Transfer from other accounts)..........	---	---	(1,369,804,000)	(584,500,000)	(+584,500,000)	(+584,500,000)	(-785,304,000)
Air Force..................................	91,932,182,000	101,643,100,000	88,040,975,000	90,629,822,000	-1,302,360,000	-11,013,278,000	+2,588,847,000
(Transfer from other accounts)..........	(662,286,000)	---	(869,111,000)	---	(-662,286,000)	---	(-869,111,000)
Defense Agencies/OSD......................	15,537,836,000	19,309,700,000	16,813,384,000	16,985,936,000	+1,448,100,000	-2,323,764,000	+172,552,000
(Transfer from other accounts)..........	---	---	(26,500,000)	---	---	---	(-26,500,000)
Reserve & National Guard (procurement)......	1,469,538,000	---	752,068,000	453,250,000	-1,016,288,000	+453,250,000	-298,818,000
Chemical Agents and Munitions Destruction, Defense..................................	---	120,100,000	120,100,000	118,700,000	+118,700,000	-1,400,000	-1,400,000
Related agencies..........................	122,401,000	148,738,000	147,338,000	148,138,000	+25,737,000	-600,000	+800,000
Total, Department of Defense (NOA)........	270,484,499,000	302,282,138,000	265,104,816,000	277,071,397,000	+6,586,898,000	-25,210,741,000	+11,966,581,000
(Transfer from other accounts)........	(662,286,000)	---	(2,664,600,000)	(584,500,000)	(-77,786,000)	(+584,500,000)	(-2,080,100,000)
Total funding available..................	271,146,785,000	302,282,138,000	267,769,416,000	277,655,897,000	+6,509,112,000	-24,626,241,000	+9,886,481,000
(Transfer authority)..................	(950,000,000)	(1,200,000,000)	(1,200,000,000)	(950,000,000)	---	(-250,000,000)	(-250,000,000)